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

Consolidated Financial Statements
Together with Auditor's Report
For The Year Ended December 31, 2022

Saleh, Barsoum & Abdel Aziz
Grant Thornton

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Translation of Auditor's Report
Originally Issued in Arabic

Independent Auditor's Report

To: The Shareholders of Fawry for Banking Technology and Electronic Payments S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the consolidated statement of financial position as of December 31, 2022 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and the relevant Egyptian laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fawry for Banking Technology and Electronic Payments as of December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and related Egyptian laws and regulations.

Cairo, 6 March 2023

K. Saleh

Kamel Magdy Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)
EFSA Register No. "69"

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

Translation of financial statements
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of Financial Position
As of December 31, 2022

EGP	Note No.	December 31, 2022	December 31, 2021
Assets			
Non-current assets			
Fixed assets	(6)	713 292 760	535 279 313
Intangible assets	(7)	378 162 349	275 780 339
Projects under construction	(8)	35 615 801	16 199 524
Goodwill	(9)	32 771 437	24 732 978
Deferred tax assets	(38)	38 823 508	24 816 082
Micro finance loans	(14)	173 742 513	100 150 604
Investments in associate and joint ventures	(11)	8 873 084	4 041 289
Investments at fair value through OCI	(19)	38 505 101	47 171 976
Investments at fair value through P&L	(10)	2 665 125	--
Total non-current assets		**1422 451 678**	**1028 172 105**
Current assets			
Inventory	(12)	3 198 362	298 046
Accounts and notes receivable	(13)	37 820 433	63 746 140
Micro finance loans	(14)	557 537 938	310 596 197
Advances to billers		498 083 700	372 680 643
Debtors and other debit balances	(15)	195 022 204	96 414 376
Due from related parties	(16)	1 499 172	1 700 445
Investments at fair value through P&L	(10)	13 318 250	--
Treasury bills	(17)	1 482 137 081	1129 566 247
Cash and cash equivalents	(18)	2 212 689 088	1120 900 729
Total current assets		**5 001 306 228**	**3 095 902 823**
Total assets		**6 423 757 906**	**4 124 074 928**
Equity and liabilities			
Equity			
Issued and paid-up capital	(20)	1653 652 060	853 652 060
Legal reserve	(21)	53 150 023	47 129 042
Reserve for employee stock ownership plan (ESOP)	(49)	151 513 185	52 398 017
Combination reserve		11 745 574	11 745 574
Compulsory reserve for EAS 47 Application Risk	(22)	2 612 539	2 612 539
Shares issuance expenses reserve		(5 818 102)	(2 835 763)
Revaluation reserve for Investments at fair value through OCI	(19)	(13 795 000)	--
Retained earnings		624 603 518	414 309 089
Total equity for the parent company		**2 477 663 797**	**1379 010 558**
Non controlling interest		117 581 137	79 008 776
Total equity		**2 595 244 934**	**1458 019 334**
Non-Current Liability			
Deferred tax liability	(38)	21 270 610	19 952 604
Long term loans	(39)	24 916 596	63 758 411
Lease Liabilities	(40)	98 145 388	81 540 702
Total Non-current liabilities		**144 332 594**	**165 251 717**
Current liabilities			
Provisions	(23)	42 084 144	32 430 642
Banks overdraft	(24)	249 367 926	431 224 733
Short term loans	(39)	254 400 230	149 820 206
Accounts and notes payable	(25)	66 885 070	73 688 962
Accounts payable– billers	(26)	1 910 065 835	1015 103 526
Merchants advances		627 873 978	444 655 635
Retailer's POS security deposits		76 121 037	62 338 803
Creditors and other credit balances	(27)	348 763 721	219 126 376
Lease Liabilities	(40)	27 973 117	19 695 737
Current income tax		80 645 320	52 719 257
Total current liabilities		**3 684 180 378**	**2 500 803 877**
Total equity and liabilities		**6 423 757 906**	**4 124 074 928**

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

Chief Financial Officer	Chief Executive Officer	Chairman

Auditor's report attached.

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated Statement of Profit or Loss
For the year ended December 31, 2022

EGP	Note No.	December 31, 2022	December 31, 2021
Operating revenues	(29)	2 279 335 174	1 658 156 677
Less:			
Operating costs	(30)	(918 106 893)	(725 893 276)
Gross margin		**1361 228 281**	**932 263 401**
Add (Less):			
General and administrative expenses	(31)	(567 883 468)	(379 711 786)
Employee stock ownership plan (ESOP) expenses	(49)	(99 115 167)	(52 398 016)
Board Compensation expenses		(5 024 064)	(3 972 600)
Selling and marketing expenses	(32)	(385 919 177)	(279 254 967)
Medical contribution for Health and insurance		(7 745 989)	(5 505 997)
Formed provisions	(23)	(16 638 949)	(11 628 500)
Net impairment loss on customers' loans		(29 509 883)	(12 749 394)
Expected credit loss		(1 674 415)	1 770 520
Other operating expenses		--	(7 020 000)
Revaluation gain of Investments at fair value through P&L	(10)	983 375	--
Net gain from incentives of spreading pos points of CBE initiative		--	21 725 295
Credit interest	(33)	211 071 914	126 766 483
Finance costs	(34)	(42 118 143)	(39 439 470)
Foreign currency exchange gain		17 890 257	310 283
Gain on disposal of fixed assets		8 568 303	7 168 024
Other revenues		4 036 996	5 871 268
Operating Profit		**448 149 871**	**304 194 544**
Group's share in losses of investments in associates and joint ventures	(37)	(3 606 922)	(5 549 798)
The change from investments in associate to investment in subsidiaries		--	22 800 000
Profit of the year before tax		**444 542 949**	**321 444 746**
Current income tax		(126 172 210)	(75 726 644)
Deferred tax	(38)	8 684 422	(3 596 019)
Net profit for the year after tax		**327 055 161**	**242 122 083**
Distributed as follows:			
Net profit for the parent company		240 054 320	177 177 542
Net profit for the non controlling interest		87 000 841	64 944 541
Net profit for the year after tax		**327 055 161**	**242 122 083**
Earnings per share - basic (EGP/share)	(43)	**0.08**	0.12
Earnings per share - diluted (EGP/share)	(43)	**0.08**	0.12

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

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of comprehensive income
For the year ended December 31, 2022

EGP	December 31, 2022	December 31, 2021
Profit for the year	**327 055 161**	**242 122 083**
Other comprehensive income	--	--
Revaluation reserve for Investments at fair value through OCI	(13 795 000)	--
Total other comprehensive income	(13 795 000)	--
Total comprehensive income for the year	**313 260 161**	**242 122 083**
Distributed as follows:		
Comprehensive income for the parent company	226 259 320	177 177 542
Comprehensive income for the non controlling interest	87 000 841	64 944 541
Total comprehensive income for the year	**313 260 161**	**242 122 083**

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

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of changes in equity
For the year ended December 31, 2022

EGP	Issued and paid up capital	Legal reserve	Reserve for employee stock ownership plan (ESOP)	Retained amount from retained earnings for capital increase	Combination reserve	Compulsory reserve for EAS 47 Application Risk	Shares issuance expenses reserve	Revaluation reserve for Investments at fair value through OCI statement	Retained earnings	Total equity of the parent	Non controlling interest	Total
Balance as of January 1, 2021	353 652 060	37 799 312	--	100 000 000	5 841 596	2 612 539	--	--	268 270 884	768 176 391	28 727 823	796 904 214
Impact of application of EAS 47	--	--	--	--		--	--	--	(4 486 467)	(4 486 467)	(634 286)	(5 120 753)
Comprehensive income items												
Net profit for the year	--	--	--	--	--	--	--	--	177 177 542	177 177 542	64 944 541	242 122 083
Total comprehensive income	--	--	--	--	--	--	--	--	177 177 542	177 177 542	64 944 541	242 122 083
The company's shareholders transactions												
Transferred to legal reserve	--	9 329 730	--	--	--	--	--	--	(9 329 730)	--	--	--
Reserve for employee stock ownership plan (ESOP)	--	--	52 398 017	--	--	--	--	--	--	52 398 017	--	52 398 017
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	(2 352 200)	3 551 778
Dividend distribution	--	--	--	--	--	--	--	--	(17 323 140)	(17 323 140)	--	(17 323 140)
Non-controlling interest's share from dividends distributed in one of subsidiaries	--	--	--	--	--	--	--	--	--	--	(19 586 048)	(19 586 048)
Shares issuance expenses	--	--	--	--	--	--	(2 835 763)	--	--	(2 835 763)	--	(2 835 763)
Non-controlling interest share from the acquisition of subsidiaries	--	--	--	--	--	--	--	--	--	--	7 908 946	7 908 946
Total Company's shareholders transactions	500 000 000	9 329 730	52 398 017	(100 000 000)	5 903 978	--	(2 835 763)	--	(26 652 870)	438 143 092	(14 029 302)	424 113 790
Balance as of December 31, 2021	853 652 060	47 129 042	52 398 017	--	11 745 574	2 612 539	(2 835 763)	--	414 309 089	1 379 010 558	79 008 776	1 458 019 334
Balance as of January 1, 2022	853 652 060	47 129 042	52 398 017	--	11 745 574	2 612 539	(2 835 763)	--	414 309 089	1 379 010 558	79 008 776	1 458 019 334
Comprehensive income items												
Net profit for the year	--	--	--	--	--	--	--	--	240 054 320	240 054 320	87 000 841	327 055 161
Revaluation reserve for Investments at fair value through OCI statement	--	--	--	--	--	--	--	(13 795 000)	--	(13 795 000)	--	(13 795 000)
Total comprehensive income	--	--	--	--	--	--	--	(13 795 000)	240 054 320	226 259 320	87 000 841	313 260 161
The company's shareholders transactions												
Transferred to legal reserve	--	6 020 981	--	--	--	--	--	--	(6 020 981)	--	--	--
Reserve for employee stock ownership plan (ESOP)	--	--	99 115 168	--	--	--	--	--	--	99 115 168	--	99 115 168
capital increase from retained earnings	--	--	--	--	--	--	--	--	--	--	--	--
Capital cash increase	800 000 000	--	--	--	--	--	--	--	--	800 000 000	--	800 000 000
Acquisition of subsidiary	--	--	--	--		--	--	--	--	--	4 728 794	4 728 794
Dividend distribution	--	--	--	--	--	--	--	--	(19 267 073)	(19 267 073)	--	(19 267 073)
Non-controlling interest's share from dividends distributed in one of subsidiaries	--	--	--	--	--	--	--	--	(1 636 074)	(1 636 074)	--	(1 636 074)
Transferred to R/E From issuance expenses reserve	--	--	--	--	--	--	2 835 763	--	(2 835 763)	--	--	--
Shares issuance expenses	--	--	--	--	--	--	(5 818 102)	--	--	(5 818 102)	--	(5 818 102)
Non-controlling interest share from the acquisition of subsidiaries	--	--	--	--	--	--	--	--	--	--	(53 157 274)	(53 157 274)
Total Company's shareholders transactions	800 000 000	6 020 981	99 115 168	--	--	--	(2 982 339)	--	(29 759 891)	872 393 919	(48 428 480)	823 965 439
Balance as of December 31, 2022	1 653 652 060	53 150 023	151 513 185	--	11 745 574	2 612 539	(5 818 102)	(13 795 000)	624 603 518	2 477 663 797	117 581 137	2 595 244 934

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.
Consolidated statement of cash flows
For the year ended December 31, 2022

EGP	Note	December 31, 2022	December 31, 2021
Cash flows from operating activities:			
Net profit for the year before tax		444 542 949	321 444 746
Adjusted by:			
Depreciation and amortization during the year		208 928 833	151 346 930
Formed provisions	(17)	16 638 949	11 628 500
Net impairment loss on customers loans		29 509 880	12 749 394
Expected credit loss		1 674 414	(1 770 520)
Employee stock ownership plan expenses		99 115 168	52 398 017
Revaluation Gain of Investments at fair value through P&L Statement	(9)	(983 375)	--
Credit interest		(211 071 914)	(126 766 483)
Net gain from incentives of spreading pos points of CBE initiative		--	(21 725 295)
Share of investments in associate and joint venture losses		3 606 922	5 549 798
The change from investment in associate to investment in subsidiaries		--	(22 800 000)
Unrealized foreign currency exchange gain		(17 890 257)	(310 283)
Gain on sale of fixed assets		(8 568 303)	(7 168 024)
Finance expenses		42 118 143	39 439 470
Operating gain before change in working capital		**607 621 409**	**414 016 250**
Changes in Working capital			
(increase) / Decrease in inventory		(2 900 316)	4 596 343
(increase) / Decrease in advances to billers		(125 403 057)	12 746 247
(Increase) in debtors and other debit balances		(96 221 635)	(20 213 085)
Decrease in accounts and notes receivable		25 101 207	2 302 542
Increase in loans to customers		(350 043 530)	(172 258 313)
Decrease in Due from related parties		201 273	10 771 149
(Decrease) / Increase in accounts and notes payable		(6 803 892)	44 437 316
Increase in accounts payable - billers		894 962 309	241 030 024
Increase in merchants prepaid balances		183 218 343	74 837 166
Increase in retailer's POS security deposits		13 782 235	23 356 401
Increase in creditors and other credit balances		120 036 062	8 455 715
Provision Used		(6 985 447)	--
		1256 564 961	**644 077 755**
Income tax paid		(105 494 942)	(30 910 068)
Proceeds from credit interest		160 301 922	126 766 483
Net cash provided from operating activities		**1311 371 941**	**739 934 170**
Cash flows from investing activities			
(Payments) to acquire fixed assets		(254 848 596)	(346 930 073)
(Payments) for projects under construction		(84 267 989)	(14 296 517)
(Payments) to acquire intangible assets		(127 345 439)	(110 129 731)
Proceeds from sale of fixed assets		23 726 669	15 912 080
Proceeds from POS's machines under CBE initiative		--	68 206 579
Proceeds from selling shares in associate		--	6 674 157
Cash proceeds from acquisition of subsidiary		(2 139 024)	27 939 659
Payments to acquire Investment in associate and joint venture		(8 438 717)	(1 852 537)
(Payments) for investments at fair value through OCI		(22 928 125)	(47 171 976)
(Payments) for investments at fair value through P&L		(15 000 000)	--
Net movement of treasury bills - more than three months		253 212 500	(534 889 419)
Net cash flows (used in) investing activities		**(238 028 721)**	**(936 537 778)**
Cash flows from financing activities			
Proceeds from capital increase		800 000 000	397 164 237
Dividends Paid		(74 442 106)	(36 909 188)
Net proceeds from loans		65 738 209	205 353 617
Proceeds from bank overdrafts		(181 856 807)	208 241 181
(Payments) for lease liabilities		(27 104 632)	(17 224 472)
Finance expenses paid		(42 118 143)	(30 632 390)
Net cash generated from financing activities		**540 216 521**	**725 992 985**
Net change in cash and cash equivalents during the year		1613 559 741	529 389 378
Cash and cash equivalents at beginning of the year		1153 436 971	623 737 310
Exchange rate changes on cash and cash equivalents		17 890 257	310 283
Cash and cash equivalents at end of the year	(18)	**2 784 886 969**	**1153 436 971**

The accompanying notes form an integral part of these consolidated 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 was changed to No. 50840 in March 2011. The company has been re-registered at the 6th of October's Commercial Register under No. 1333 on July 19, 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment's 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, and renting properties, 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 Group is twenty-five years from the Commercial Register date.

The Consolidated financial statements of the company were approved in the board of directors meeting dated March 06, 2023.

2. Statement of compliance

The Egyptian Accounting Standards require reference to the International Financial Reporting Standards "IFRS" for events and transactions that have not been covered by the Egyptian Accounting Standard or legal requirements describing their treatments.

3. Basis of preparation of the Consolidated financial statements

The consolidated financial statements have been prepared in accordance to the historical cost basis except for the financial assets and liabilities measured at fair value, or at amortized cost, or cost according to the relative accounting standards.

4. Critical accounting judgments and key sources of uncertain estimations

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates therefore, these estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods (prospectively) if the revision affects both current and future periods.

5. Significant accounting policies

The principal accounting policies used in preparing the consolidated financial statements are set out below:

a. Basis of consolidation

The consolidated financial statements represent the financial statements of the Parent Company and the entities that it controls (its subsidiaries) up till 31 December of each year. Control is achieved when the Company

- Has power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee and
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it still controls an investee, and whether facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- The size of the Company's voting rights relative to the size and dispersion of the other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is distributed amongst the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interest are either measured at fair value or at another basis specified in the Egyptian Accounting Standards that is applicable to it.

When the consideration transferred from the group – within a business combination – includes assets and liabilities arising from a conditional agreement, the conditional consideration is measured at the fair value at the acquisition date and recognized as part of the consideration transferred in business combination. If any changes occurred – other than those that match measurement period adjustments – in the fair value for the conditional consideration, then these adjustments should be adjusted retroactively against goodwill. Measurement period adjustments are defined as adjustments results from additional information arise during the period (12 months from acquisition date) about events and facts on the acquisition date.

The subsequent treatment for the fair value changes – of the conditional consideration which doesn't match the definition of the measurement period adjustments – based on the classification of the conditional consideration. If the conditional consideration is classified as owners' equity it shouldn't be re-measured in the subsequent periods and should be included in the equity, If it is classified as a monetary asset or liability it should be measured in the subsequent periods according to EAS No. 26 or EAS No. 28 "Contingent assets and contingent liabilities provisions" and recognizing the profit or loss in the statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

a) <u>Business combination</u>

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- Measuring the cost of the business combination; and
- Allocating, at the acquisition date, the cost of the combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of the business combination is measured as the aggregate of the fair values, at the (date of exchange), of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS (29)"Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in statement of profit or loss.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The Group usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

The Company currently holds the following direct and indirect interests in its subsidiaries:

Subsidiary	**Country**	**Main activity**	**Holding percentage**
Fawry Integrated Systems Company	Egypt	Provide operations services specialized in systems and communications, management, operating and maintenance of equipment's and computers networks services.,	99.99%
Fawry Dahab for Electronics Services	Egypt	Provide operations services specialized in systems and communications, management, operating and maintenance of equipment's and computers networks services. And electronic financial payments through the group.	37.11%
Fawry Micro Finance	Egypt	Micro finance activities.	99.8%
Fawry Insurance Brokerage	Egypt	Insurance brokerage	90%
Fawry Fast Moving	Egypt	Fast moving consumer goods	51%
Fawry consumer finance	Egypt	Consumer finance	100%
Fawry Plus	Egypt	Providing electronic payment services and electronically circulating secured documents	60.46%
Fawry Gulf	UAE	Free zone – The United Arab Emirates	75%
Dirac for information systems	Egypt	It is a regional service provider that provides advanced solutions and strategic business software services that support digital transformation in business organizations, especially planning	51.2%

b) Foreign currencies

The Egyptian pound has been designated as the Group's functional currency. Transactions denominated in foreign currencies are translated to the Egyptian pound using the effective exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-valued at the end of each reporting period using exchange rates prevailing on that date.

The non-monetary items denominated in foreign currencies and measured at fair value, are translated at the exchange rates ruling at the date the fair value was determined. As for non-monetary items in other currencies, which are measured at historical cost, they are not retranslated.

The gains and losses resulting from the translation differences are recognized in the consolidated statement of profit or loss in the period in which they arise except for the differences resulting from the translation of non-monetary assets and liabilities denominated at fair value, as their related translation differences are included in the changes in the fair value.

c) Investments in associates and joint venture entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", where they are stated at the lower of their carrying amount or fair value (less costs to sell).

Under the equity method, investments in associates and jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate / jointly controlled entity, less any impairment in the value of individual investments. Losses of an associate / jointly controlled entity in excess of the Group's interest in that associate/ jointly controlled entity are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The following table provides a list of the Group's associates and jointly controlled entities:

	Country of Domicile	Direct Ownership %	Indirect Ownership %
Associate:			
Bosta company	USA	9.05%	
Tazcara for information technology and electronic booking	Egypt	20%	
Roaderz for smart application	Egypt	30%	
Egy-Insurtech for electronic application	Egypt		7.4%
Joint Venture:			
Waffarha.Com	Egypt	30%	

b. Fixed assets and depreciation

Fixed assets are stated in the Consolidation financial position at historical cost, less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less impairment. Cost of fixed assets includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the assets carrying amount or recognized separately - as appropriate - only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

The depreciation of these assets starts when they are ready for their intended use according to the same basis of depreciation applied with other fixed assets.

Depreciation is charged so as to write-off the cost of assets using the straight-line method, over their estimated useful lives, represented as follows: -

Assets description	Years
Building	40
Networks and servers	4
Point of sales machines	1 – 4
Computers and servers	2 – 4
Furniture and office equipment	4 – 5
Leasehold improvement *	3 – 5
Vehicles	5
Tools and equipment Super Fawry	3

* The useful lives are determined based on lesser of the remaining rent contract or the useful life of the asset.

c. Intangible assets

Assets of a non-monetary nature that do not have a physical but identifiable existence that are acquired for business purposes and from which future benefits are expected to flow are treated as intangible assets. Intangible assets (other than goodwill) include computer systems, licensing of computer software, trademark rights and contractual relationships with customers. Intangible assets are measured at cost, which is the cash price on the date of its initial recognition. In the event of deferment of payment for periods longer than the normal credit period, the difference between the cash price and the total amount paid is recognized as interest. Intangible assets are presented net of depreciation and impairment losses. Subsequent expenditures on the acquisition of intangible assets are capitalized within the carrying amount of the capitalized assets only when such expenditures increase the future economic benefits of the asset or assets, while all other expenditures when incurred are charged to the profit or loss statement. Intangible assets are depreciated according to the straight-line method over the useful lives of intangible assets, unless the useful life of intangible assets is indefinite, in which case an impairment test is conducted in the value of those assets on an annual basis.

Assets description	Years
Programs	10-4
Program's license	10
Trademark	15
Contractual relationship with customers	10 – 15

Internally generated intangible assets

Research expenditures which are incurred for the purpose of building or developing the programs or applications necessary for pursuing the company's activities or for the purpose of sale, is recognized as expenses once incurred.

Program licenses are recognized as internally generated intangible assets if all the following conditions are met:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
b) The company's intention to complete the intangible asset and use it or sell it.
c) The company's ability to use or sell the intangible asset.
d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
e) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
f) The company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The costs related to developing the programs mainly consist of wages and salaries paid to program developing experts at the subsidiary level (Fawry Integrated Systems) who are directly working on the development process.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of tangible and intangible assets excluding goodwill

On annual basis, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The recoverable amount of an asset (or cash-generating unit) is represented in the higher of "fair value less costs to sell" or "value in use"

Future estimated cash flows from use of an asset (or cash-generating unit) are discounted using discount rate before tax to reach the present value for these cash flows which represent their value in use. This rate reflects the current market estimates for the time value of money and the risks related to this asset that have not been taken into consideration when estimating the future cash flows generated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

d. Revenues recognition and measurement

Applications sales revenues

Revenue is measured at the fair value of the consideration received or receivable for the Group. Revenues recognized from the sold applications are recognized in the consolidated statement of profit or loss when the risks and rewards associated with the application are transferred to the buyer, and when there is a strong probability that the economic benefits and costs incurred or to be incurred in respect of the transaction can be measured reliably and when the Group does not retain any continuing managerial involvement right to the degree usually associated with ownership, and when the amount of revenue can be measured reliably.

Services

The revenue of rendered services is recognized as follows:

Transactions sales revenues

Revenues are recognized on accrual basis when the collection / settlement related to different streams of services is completed (balance recharge, bill payments, cash collections, etc.).

Subscription revenues

Subscription revenues are recognized in the consolidated statement of profit or loss on accrual basis.

Interest revenues

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable until maturity.

Investment revenues

Dividends income from investments is recognized when the shareholder's right to receive these dividends is issued.

e. **Operational costs**

Operational costs include cash collection costs paid to multiple payment channels through which payments were made, including (merchants, banks, Egyptian Post Office, and several other authorities) and this is in accordance with executed contracts with each party separately. Operational costs also include the cost of applications sold, and the consumables of materials.

Operational costs are charged by the transaction's share of direct depreciation and amortization in accordance to transaction share basis compared to the estimated normal capacity, and if the normal capacity is not reached, the differences are charged to depreciation and amortization as part of general and administrative expenses.

f. **Lease Contracts**

In March 2019, the Egyptian Standard No. (49) "Leasing Contracts" was issued to replace the Egyptian Standard No. (20) "Accounting rules and standards related to financial leasing operations" and the issuance of Law No. 176 of 2018 to regulate the financial leasing and factoring activity during August 2018 to replace Law No. 95 of 1995 Therefore, the group must apply the new Egyptian Standard No. (49) at the beginning of 2019 to contracts subject to the provisions of Law 95 of 1992 that were previously dealt with according to Egyptian Accounting Standard No. (20) according to the instructions mentioned in the periodic book No. 171 For the year 2019 issued on August 4, 2019, the companies Laguerre Lease and tenants under leasing contracts of non-bank financial firms and companies have restricted securities Egyptian Stock Exchange application of the standard lease financing no later than September 30, 2019 Therefore, the date shall be the first application in January 1, 2019.

1- **The group as lessee according to law 95 for year 1995**

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Initial measurement of lease liability:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate for such liabilities.

Lease payments included in the measurement of the lease liability comprise:

a. Fixed lease payments less any lease incentives;
b. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
c. The amount expected to be payable by the lessee under residual value guarantees;
d. The exercise price of purchase options, I the lessee is reasonably certain to exercise the options; and
e. Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate

Subsequent measurement of lease liability:

The lease liability is subsequently measured as follows:

a. Increase the carrying amount to reflect interest on the lease liability
b. Reducing the carrying amount to reflect the lease payments made.

- The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the leases payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease. If there is a change in future lease payments resulting from a change in the rate used to determine those payments or a change in the amounts expected to be payable under the residual value guarantee, the lessee must re-measure the lease liability to discount the adjusted lease payments using the same discount rate unless there is a change in lease payments resulting from a change in the variable interest rates, in this case the lessee must use a modified discount rate that reflects changes in the interest rate.

Initial measurement of Right of use assets

The cost of right-of-use assets include:

a. The initial measurement of the corresponding lease liability at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate stated in the contract if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional borrowings.
b. Lease payments made at or before the start day
c. Any initial direct costs
d. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Subsequent measurement of Right of use assets

Right of use assets are subsequently measured at cost less:

a. Accumulated depreciation and impairment losses.
b. Any amounts resulting from revaluation of lease liability

- If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated from the commencement date over the useful life of the underlying asset. Other that the previous conditions the depreciation starts at the commencement date of the lease till the end of the useful life of the asset or end of lease contract whichever is earlier.
- The Group applies EAS 31 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

- Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are include in the line "administrative expenses" in the statement of profit or loss. Currently, the Group does not have such variable rents.
- The standard permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

Sale and lease back transactions

If the transfer of the asset by the "Lessor" seller does not meet the requirements of Egyptian Accounting Standard 48 for accounting for it as a sale of the asset. The seller (the lessee) must continue to recognize the transferred asset and must recognize a financial obligation equal to the transfer proceeds and must account for the financial obligation by applying Egyptian Accounting Standard No. 47.

g. Inventory

The inventory is evaluated at the date of the consolidated financial statements at cost or net realizable value whichever is less. The cost is represented in the purchase invoices, however, the realizable value is represented in the estimated selling value less selling and distribution costs.

h. Taxation

Deferred tax assets and liabilities are recognized on temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their carrying amounts per the accounting principles used in the preparation of the consolidated financial statements. Income tax expense for the year is the sum of current income tax and deferred tax.

Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted as of the consolidated financial statements date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted at the consolidated financial statements date.

Deferred tax is recognized as an expense or benefit in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation of current tax expense for the year, then the related deferred tax is recognized in the statement of profit or loss.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

These assets and liabilities are not recognized if the temporary difference results from goodwill or from the initial recognition of other assets and liabilities (other than those arising from business combinations) due to a transaction that did not have any effect on the taxable or accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are accounted for using the financial position method and are reported in the consolidated financial position as non-current assets and liabilities.

i. **Legal reserve**

In accordance with law No. 159 for 1981 and the article of incorporation of the Group, at least 5% should be retained and transferred from the net profit of the previous year to the legal reserve until the reserve reaches 50% of the issued capital.

j. **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, cash at banks, treasury bills with maturities less than three months and short-term demand deposits that are readily convertible to known amounts of cash.

k. **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated financial position date. When the effect of the time value of money is material, the amount of a provision shall be the present value of expected expenditures, required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the statement of profit or loss.

l. **The consolidated cash flows statement**

The consolidated cash flows statement was prepared using the indirect method. For preparing the consolidated cash flows statement, cash and cash equivalents are comprised of cash on hand, current accounts, deposits at banks, and treasury bills with maturity less than 90 days.

m. **Share - based payments**

The company introduced Employees Share Ownership Plan (ESOP) program in accordance with the shareholders' approval at the extraordinary general assembly meeting on February 22, 2021. Where the Company applies share-based payments that shall be settled as equity instruments. The fair value of equity instruments recognized for provided services from employees in exchange of granting free shares or allocated shares is recognized in the employees' related costs in the income statement, the total amount to be recognized as expenses over the vesting period will be determined by reference to the fair value of the granted equity instruments, taking into consideration the modification of that fair value with the terms and conditions on which the instruments will be issued, and the effect of the revisions to the initial estimates, if any, is recognized in the income statement with a corresponding settlement of equity over the remaining vesting period. Net proceeds to be received from employees after deducting any direct transaction costs are added to the capital (at nominal value) and the share premium account when the granted shares to the employees are exercised.

n. **Short-term employee benefits**

Short term employee benefits represent wages and salaries and social insurance contributions and paid annual leaves and bonuses (if they are accrued within 12 months of the end of the period) and non-cash benefits such as medical insurance for current employees.

o. Impairment of assets

Impairment of non-financial assets

At each financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The company considers each investment, whether a jointly controlled entity, or associate, as a single cash generating unit.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised estimate does not exceed what the carrying amount would have been determined had the impairment loss not been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

Impairment of financial assets

Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after an impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses previously recognized in profit or loss for an investment in an AFS equity investment is not subsequently reversed through profit or loss. Any subsequent appreciation in the value of an AFS equity investment, for which an impairment loss had been previously recognized in profit or loss, is reversed directly through equity.

p. Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

A. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The subsequent measurement of all other financial assets is measured by fair value.

B. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

The return on all debt instruments is recognized on an effective interest basis except as a financial asset at fair value through profit or loss where the yield is included in the net change in fair value.

C. Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve.

The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Company has designated all investments in equity instruments, that are not held for trading, as at FVTOCI on initial application of EAS No. (47).

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established based upon the Egyptian Accounting Standard No. (48) "Revenue from contracts with customers". Dividends earned are recognized in profit or loss and are included in the "Dividends income from investments" line item.

D. Financial assets at fair value through profit and loss (FVTPL)

Investments in equity instruments are classified as FVTPL unless the Company classifies the investment as FVTOCI upon initial recognition as FVTOCI.

Debt instruments - which do not meet the conditions of amortized cost - are measured at fair value through profit or loss, and debt instruments that meet the conditions of amortized cost - however the Company chooses to classify them at fair value through profit or loss - are also measured at fair value through profits or losses. A debt instrument may be classified upon initial recognition at fair value through profit or loss if that classification eliminates or significantly reduces a measurement or recognition inconsistency that may arise from the use of different bases in measuring assets or liabilities or in recognizing the resulting gains or losses. The Company has not classified any debt instrument at fair value through profit or loss.

Debt instruments are reclassified from the "amortized cost" classification to the "fair value through profit or loss" classification when the business model is changed such that the amortized cost terms are no longer applicable. It is not allowed to reclassify debt instruments that are classified upon initial recognition at fair value through profit or loss outside that classification.

Financial assets classified at fair value through profit or loss are measured at fair value at the end of each financial period, with any gain or loss resulting from re-measurement recognized in profit or loss. The net gain or loss - recognized in profit or loss for the period - is included in "other gains and losses" in the separate statement of comprehensive income.

The value is determined and the interest income from debt instruments classified at fair value through profit or loss is included in the net profit or loss referred to above.

Income from dividends resulting from investments in equity instruments classified at fair value through profit or loss is recognized in profit or loss when the Company has the right to receive dividends in accordance with Egyptian Accounting Standard No. (48) "Revenue from contracts with customers", and that income is included within the net profit or loss referred to above.

E. Impairment of financial assets

On a prospective basis, the company evaluates the expected credit losses for debt instruments measured at amortized cost and at fair value through other comprehensive income. The Company measures the expected credit losses and recognizes a provision for credit loss at the date of preparing the financial reports. The measurement of credit losses reflects the expectation: (i) a weighted fair amount determined by evaluating a range of outcomes, (ii) the time value of money, and (iii) reasonable and supportive information that is available without incurring undue cost or effort at the end of each reporting period of preparation of financial reports about past events, current conditions, expectations and future conditions.

The Company applies a three-stage model of impairment, based on changes in credit quality since the first recognition, the financial instrument that has not been decreased by impairment at the first recognition is classified in the first stage. The expected credit losses for financial assets in the first stage are measured at an amount equal to the portion of the expected credit losses over the life that results from default events that are possible within the next 12 months or until the contractual maturity date, if more (up to 12 months expected credit losses) if the Company determines a significant increase in credit risk since the first recognition, the asset is transferred to the second stage and the expected credit losses are measured on the basis of the expected credit losses over the life, that is, until the contractual maturity date, but taking into account the expected advance payments, if any (expected credit losses over a lifetime). For a description of how the company determines when a significant increase in credit risk will occur. If the Company determines that a financial asset is credit-impaired, the asset is transferred to the third stage and the expected credit losses are measured as lifetime expected credit losses.

F. Derecognition of financial assets

The Company derecognize the financial asset from its books - only - when its contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and all the risks and benefits associated with its ownership to another entity to a large extent.

If it turns out that the Company has neither transferred nor retained substantially all of the risks and benefits associated with ownership of the asset and continues to control the transferred asset, then the Company will recognize the right it held in the asset and with a corresponding liability representing the amounts that may have to be paid. If it turns out that the Company retains to a large extent all the risks and benefits of ownership of the transferred financial asset, then the Company continues to recognize the financial asset, provided that it also recognizes the gains it received as an amount borrowed as a security for that asset.

When a financial asset carried at amortized cost is removed from the books, then the difference between the carrying amount of the asset and the sum of the consideration received and the consideration still accrued is recognized in profit or loss.

Financial liabilities and equity instruments

A. Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

B. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

a) The instrument includes no contractual obligation:

i. to deliver cash or another financial asset to another entity; or

ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

i. a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or

ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

C. Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

A financial liability is classified as current liability when it satisfies any of the following criteria:

- It is expected to be settled in the entity's normal operating cycle
- It is held primarily for the purposes of trading.
- It is due to be settled within twelve months after the reporting period.
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other financial liabilities are classified as non-current.

D. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

q. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "finance income" line item.

r. Amortized cost and total book value

The "Amortized cost" of a financial asset or financial liability is the amount for which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative depreciation using the effective interest method for any difference between the amount on initial recognition and the maturity amount, and for financial assets, adjusted for any provision for expected credit loss. The "gross carrying amount of a financial asset" is the amortized cost of a financial asset before adjusting for any provision for expected credit loss.

s. Calculating interest income and expenses

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. When calculating interest income and expense, the effective interest rate is applied to the total carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is adjusted as a result of periodic reassessment of the cash flows of floating rate instruments to reflect movements in market interest rates.

However, for financial assets that become creditworthy after initial recognition, the interest yield is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the sub-asset is no longer creditworthy, then the interest yield calculation reverts to the gross basis.

For financial assets that were credit-impaired upon initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not return to the gross basis, even if the credit risk of the asset has improved.

t. Government Grants

The incentives granted by the Central Bank of Egypt "CBE" for the deployment of points of sale devices under the CBE's initiative are recognized and recorded in the consolidated statement of profit or loss for the year when the grant amounts are approved by the CBE, in light of the Egyptian Accounting Standard (12) Government Grants, this is the point when the company fulfils all of the procedures for the grant to be eligible and collectable pursuant to the initiative's conditions.

6. Fixed assets - Net

EGP	Land	Building	Networks and Servers	Point of sales machines	Computers	Furnitures and Office Equipment	Leasehold Improvements	Vehicles	Tools and Equipment Super Fawry	Super fawry braches	Cash counting machines	Right of use assets	Total
Cost													
As of January 1, 2021	25 970 500	41 129 500	58 877 460	268 258 281	57 056 291	11 745 945	12 875 519	149 300	641 766	4 761 351	--	--	481 465 913
Impact of acquisition of subsidiaries - net cost	--	--	--	--	429 225	1 337 581	13 357 586	--	1 782 773	--	806 237	--	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	--	205 714	--	1 157 860	109 653 830	448 856 981
Disposals*	--	--	--	(69 955 499)	(12 030)	--	--	--	--	--	(340 000)	--	(70 307 529)
As of December 31, 2021	52 490 500	111 359 500	108 680 571	353 035 198	71 893 873	14 484 452	46 965 842	149 300	2 630 253	4 761 351	1624 097	109 653 830	877 728 767
Impact of acquisition of subsidiaries - net cost	--	--	--	--	903 667	--	--	--	--	--	--	--	903 667
Additions during the year	--	22 690 855	37 589 777	183 604 946	14 714 577	15 044 040	31 073 192	732 421	25 064	--	828 510	51 986 698	358 290 080
Disposals*	--	--	--	(27 281 745)	--	(1 059 222)	--	--	--	--	--	(4 283 176)	(32 624 143)
As of December 31, 2022	52 490 500	134 050 355	146 270 348	509 358 399	87 512 117	28 469 270	78 039 034	881 721	2 655 317	4 761 351	2 452 607	157 357 352	1 204 298 371
Accumulated depreciation													
As of December 31, 2021	--	4 198 638	43 627 144	136 549 025	29 565 648	7 099 224	9 800 979	149 298	641 739	54 576	--	--	231 686 271
Depreciation for the year	--	1 467 175	26 937 265	51 063 102	6 398 816	2 699 088	10 572 066	--	692 150	--	520 314	21 427 622	121 777 598
Depreciation of disposals	--	--	--	(10 662 383)	(12 031)	--	--	--	--	--	(340 000)	--	(11 014 414)
As of December 31, 2021	--	5 665 813	70 564 409	176 949 743	35 952 433	9 798 312	20 373 045	149 298	1 333 889	54 576	180 314	21 427 622	342 449 454
Depreciation for the year	--	3 064 656	27 282 952	73 814 776	13 059 056	3 306 021	14 251 770	12 207	652 380	--	703 904	29 874 209	166 021 932
Depreciation of disposals	--	--	--	(15 778 534)	--	(262 518)	--	--	--	--	--	(1 424 723)	(17 465 775)
As of December 31, 2022	--	8 730 469	97 847 360	234 985 986	49 011 489	12 841 815	34 624 815	161 505	1 986 269	54 576	884 218	49 877 108	491 005 611
Net book value													
As of December 31, 2022	52 490 500	125 319 886	48 422 988	274 372 413	38 500 628	15 627 455	43 414 218	720 216	669 048	4 706 775	1 568 388	107 480 244	713 292 760
As of December 31, 2021	52 490 500	105 693 687	38 116 163	176 085 454	35 941 440	4 686 140	26 592 797	2	1 296 364	4 706 775	1 443 783	88 226 208	535 279 313

7. Intangible assets

EGP	licenses	Programs	Contractual relationship with clients	Customer List	Trademark	Total
Cost						
As of January 1, 2021	**39 032 651**	**198 977 608**	--	--	--	**238 010 259**
Additions during the year	25 964 158	83 332 640	--	--	--	**109 296 798**
Change in the scope of grouping of subsidiaries and associate companies	--	--	6 270 000	553 000	19 070 000	**25 893 000**
As of January 1, 2022	**64 996 809**	**282 310 248**	**6 270 000**	**553 000**	**19 070 000**	**373 200 057**
Additions during the year	18 654 272	121 452 400	--	--	--	**140 106 672**
Acquisition of subsidiaries	--	5 182 239	--	--	--	**5 182 239**
As of December 31, 2022	**83 651 081**	**408 944 887**	**6 270 000**	**553 000**	**19 070 000**	**518 488 968**
Accumulated amortization						
As of January 1, 2021	**14 876 938**	**53 747 158**	--	--	--	**68 624 096**
Amortization for the year	2 655 397	24 248 244	531 815	88 833	1 271 333	**28 795 622**
As of January 1, 2022	**17 532 335**	**77 995 402**	**531 815**	**88 833**	**1 271 333**	**97 419 718**
Amortization for the year	5 463 562	35 551 358	531 815	88 833	1 271 333	**42 906 901**
As of December 31, 2022	**22 995 897**	**113 546 760**	**1 063 630**	**177 666**	**2 542 666**	**140 326 619**
Net Book value As of December 31, 2022	**60 655 184**	**295 398 127**	**5 206 370**	**375 334**	**16 527 334**	**378 162 349**
Net Book value As of December 31, 2021	**47 464 474**	**204 314 846**	**5 738 185**	**464 167**	**17 798 667**	**275 780 339**

Total cost of design and creation of Fawry Technological platform based on the latest technical technologies based on the PCI DSS compliance (Payment card industry data security standards) that contain some of systems and applications through which the fawry network connects with customers in every department and merchants via various POS, mobile phone through the android application and banks, that through the electronic flatforms intergrates with banking payment gateways(ATM, Internet banking, Mobile banking) out of fawry applications for example EBPP Switch and the internet platforms for payments and mobile wallet applications and the mobile banking applications(Mobile wallets & Mobile Banking Apps) and a system for invoicing, recharge cards from the moment of creation to settlement, source of fund that manages the merchant accounts through, and development of the electronic platform and a holistic system for e-commerce, development of artificial intelligence & data analytics that includes expenditures on added features and modules and increase in the capacity of the applications

8. Projects under construction

EGP	Opening Balance	Additions during the year	Transferred to fixed assets and intangible assets	Ending Balance
Software and program licenses	4 666 610	41 583 934	(12 761 232)	33 489 312
Servers	3 828 350	8 127 548	(11 954 818)	1 080
Advances payments to purchase fixed assets	7 704 564	34 556 507	(40 135 662)	2 125 409
	16 199 524	**84 267 989**	**(64 851 712)**	**35 615 801**

9. Goodwill

The increase in Goodwill is mainly due to the acquisition of Dirac for Information Systems during the year, which resulted in goodwill amounting to EGP 8 million. The value of goodwill has been measured and identified according to provisional fair values (Note 44)

10. Investment at fair value through profit/loss statement

EGP	December 31, 2022	December 31, 2021
Fawry Misr Capita Fund- current	2 665 125	--
Fawry Misr Capita Fund - non current	13 318 250	--
Total	**15 983 375**	**--**

11. Investment in associates and Joint venture

EGP	Type of investment	Owner ship	December 31, 2022	December 31, 2021
Roaderz for smart applications	Associate	30%	4 887 991	--
EGY Insure-tech	Associate	7.4%	2 618 774	1 470 162
Waffarha.com	Joint venture	30%	1 366 318	757 043
Bosta Co.	Associate	9.05%	--	1 814 084
Tazcara for information technology	Associate	20%	--	--
			8 873 084	**4 041 289**

During the third quarter of 2021, the company signed a shareholders' agreement to establish Roaderz Technologies Co., and the company owns 30% of the capital, and the company paid an amount of 360,000 EGP, which represents 10% of the company's share in the investment, and the rest of the investment, which amounted to 3.24 MEGP was paid within three months from the date of the company's incorporation, and during the year, the company increased its investment in Roders Technologies by an amount of 2.9 MEGP.

12. Inventory

EGP	December 31, 2022	December 31, 2021
Goods for sale	3 198 362	298 046
	3 198 362	**298 046**

13. Accounts and notes receivable

EGP	December 31, 2022	December 31, 2021
Accounts receivables- Billers and banks	39 595 961	60 668 946
Notes receivables	1 057 459	5 783 896
Less: Expected credit loss	(2 832 987)	(2 706 702)
	37 820 433	**63 746 140**

14. Micro finance loans (net)

EGP	December 31, 2022	December 31, 2021
Loans to customers – Current	592 817 197	330 689 315
Less: Customers financing risk provision (Compulsory provision)	(35 279 259)	(20 093 118)
Loans to customers – Current (net)	**557 537 938**	**310 596 197**
Loans to customers – Non current	184 362 114	106 042 857
Less: Customers financing risk provision (Compulsory provision)	(10 619 601)	(5 892 253)
Loans to customers – Non current (net)	**173 742 513**	**100 150 604**
	731 280 451	**410 746 801**

Customers financing risk provision movement represented as follow:

EGP	December 31, 2022	December 31, 2021
Beginning balance	25 985 369	11 237 848
Formed during the year	29 509 880	12 749 394
Used during the year	(9 596 389)	--
Impact of EAS 47 application	--	1 998 128
Ending balance	**45 898 860**	**25 985 370**

15. Debtors and other debit balances

EGP	December 31, 2022	December 31, 2021
Advance payments (Vendors)	2 877 486	2 407 203
Prepaid expenses	13 671 049	9 141 207
Deposits with others	1 581 090	3 699 788
Withholding tax	30 025 500	38 642 826
Other debit balances	30 581 974	11 263 171
Accrued interest – microfinance portfolio	21 599 633	9 841 768
Letter of grantee covers	512 532	--
Petty cash	14 874 740	10 765 565
Accrued revenue	81 145 070	10 685 892
Less: Expected credit loss	(1 846 870)	(33 044)
	195 022 204	**96 414 376**

16. Due from related parties

EGP	Nature	Account type	December 31, 2022	December 31, 2021
Waffarha.com co.	Joint venture	Current account	--	220 211
ACIS co.	Associate	Current account	3 000 000	3 000 000
Tazcara Information Technology and Electronic Booking co.	Associate	Current account	1 500 316	1 494 309
Less: Expected credit loss			(3 001 144)	(3 014 075)
			1 499 172	**1 700 445**

17. Treasury bills

EGP	December 31, 2022	December 31, 2021
Treasury bills- Less than three months	566 978 030	32 342 990
Treasury bills- More than three months	869 511 993	1 037 616 535
Add:		
Accrued interest -Less than three months	6 524 814	246 343
Accrued interest -More than three months	50 769 991	75 526 800
Less:		
Accrued tax on accrued interest -Less than three months	(1 304 963)	(53 091)
Accrued tax on accrued interest-More than three months	(10 153 760)	(15 105 360)
Less: Expected credit loss	(189 024)	(1 007 970)
Balance	**1 482 137 081**	**1 129 566 247**
Nominal value	**1 592 975 000**	**1 200 500 000**

18. Cash and cash at banks

EGP	December 31, 2022	December 31, 2021
Cash	59 792	--
Current bank accounts – local currency	209 461 270	291 482 114
E-Acceptance transactions under settlement	371 326 942	128 704 285
Cash at companies and agents of money collections	888 190 415	583 161 259
Time deposit – local currencies	690 712 506	95 086 110
Time deposit – foreign currencies	48 845 882	15 155 942
Current bank accounts – foreign currencies	4 804 986	7 523 412
Less: Expected credit loss	**(712 705)**	**(212 393)**
Cash and cash at banks	**2 212 689 088**	**1 120 900 729**

For cash flows purposes, Cash and cash equivalents are analyzed as follows:

EGP	December 31, 2022	December 31, 2021
Cash and banks balances	2 212 689 088	1 120 900 729
Treasury bills – less than 3 months	572 197 881	32 536 242
	2 784 886 969	**1 153 436 971**

19. Investments at fair value through OCI statement

The Investments at fair value through other comprehensive income statement are represented in many of start-up companies including Elmenus Co., Brimor Co., Bringer Co. (Dutch company) and maylerz Co., while the change during the year is represented in the company's portion of fair value of Maylerz co. and the investments revaluation at fair value on 31 December 2022.

20. Issued and paid-up capital

The issued and paid-up capital amounted to EGP 353 652 060 distributed over 707 304 120 share 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 share with a nominal value of EGP 0.5.

On March 3, 2022, the company's extraordinary general assembly agreed to increase the authorized capital to become 3 billion Egyptian pounds, and to increase the issued and paid-up capital by an amount of 800 million Egyptian pounds at nominal value through subscription to old shareholders. This increase was noted in the commercial register on June 15, 2022. The issued and paid-up capital became 1 653 652 060 Egyptian pounds distributed over 3 307 304 120 share with a nominal value of 0.5 Egyptian pounds.

21. Legal reserve

EGP	December 31, 2022	December 31, 2021
Beginning balance	47 129 042	37 799 312
Transferred from prior year net profit	6 020 981	9 329 730
	53 150 023	**47 129 042**

22. Compulsory Reserve –for EAS 47 application's risks

On December 27, 2020 Financial Regulatory Authority issued decision no. (200) for year 2020 to Oblige Small, medium and / or micro enterprise finance companies to create a reserve to face risks of EAS 47 application (financial instruments) Equivalent to 1% of total assets, and This is from the net profit of the year after tax for the year ended at December 31, 2020, to be included in shareholder's equity and not use without the approval of the authority.

23. Provisions

EGP	December 31, 2021	Formed	Used	December 31, 2022
Provision for claims	32 430 642	16 638 949	(6 985 447)	42 084 144
	32 430 642	**16 638 949**	**(6 985 447)**	**42 084 144**

The management reviews these provisions on a quarterly basis and adjusts the provisions according to the latest developments and expectations from the company's management.

24. Banks Credit Facilities

- On May 2022 an agreement between Fawry for Banking Technology and Electronic Payments and a local banks to provide the company a credit facility with a limit of EGP 150 million at market rate the duration for the credit facility is a year, balance reached EGP 149 million on December 31 2022 (December 31, 2021: EGP 149 million)
- On December 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company a credit facility with a maximum amount of EGP 50 million at market rates, and the balance on December 31, 2021 is Nil (December 31, 2021 reached EGP 17.5 million)
- On November 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company facilities of a maximum of EGP 200 million at market rates The credit facility is used to pay the advance payments for billers, and the balance reached EGP 50,000 on December 31, 2022. (December 31, 2021: EGP 194 million).
- On November 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company a credit facility with a maximum amount of EGP 75 million at market rates, and the balance on December 31, 2022 is Nil (December 31, 2021: EGP 70 Million)
- On September 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company a credit facility with a maximum amount of EGP 2 million at market rates, and the balance on December 31, 2022 is Nil (December 31, 2021 reached EGP 31,184)
- On May 2022, , an agreement between Fawry Microfinance and a local bank during the year to grant the company a credit facility of up to EGP 100 million at a rate of return at the market rate, and the balance on December 31, 2022 reached EGP 99 million.

25. Accounts and notes payable

EGP	December 31, 2022	December 31, 2021
Accounts payable	64 519 495	70 990 249
Notes Payables	2 365 575	2 698 713
	66 885 070	**73 688 962**

26. Accounts payable – Billers

EGP	December 31, 2022	December 31, 2021
Billers payable	1 630 065 835	822 130 729
Billers' Notes payable	280 000 000	192 972 797
	1 910 065 835	**1 015 103 526**

27. Creditors and other credit balances

EGP	December 31, 2022	December 31, 2021
Accrued expenses	69 856 207	46 896 427
Accrued interest	5 905 973	7 344 769
Accrued commissions	43 770 602	50 604 607
Unearned revenue	7 730 584	3 868 268
Health insurance contribution	6 486 035	5 220 402
Tax Authority	142 511 479	75 683 299
Social Insurance Authority	10 219 515	4 325 030
Under settlement Transactions	6 678 139	6 096 583
Merchant advances	9 329 520	--
Other credit balances	46 275 667	19 086 991
	348 763 721	**219 126 376**

28. Contingent liabilities

The contingent liabilities are represented as follows:

EGP	December 31, 2022	December 31, 2021
Letters of guarantee – local currency	1 236 500 000	1 286 500 000
	1 236 500 000	**1 286 500 000**

The total used letter of guarantee facilities amounted to 830 million Egyptian pounds from banks in the form of letters of guarantee on the date of the Consolidated financial statements.

29. Operating revenues

EGP	December 31, 2022	December 31, 2021
Transactions services revenues- collection fees	1 956 320 480	1 500 694 699
Other revenues	57 114 439	14 898 984
Insurance brokerage commission	14 867 683	5 628 277
Interest revenue Micro finance	251 032 572	136 934 717
	2 279 335 174	**1 658 156 677**

The total throughput from Electronic Top Up and bill payment transactions for the billers through the Group's various payments channels (i.e. the Group points of sales, banks' ATM machines, mobile devices, outlets of Egypt Post Offices and E-banking), is as follows:

EGP	December 31, 2022	December 31, 2021
Total throughput	205 329 343 134	130 850 180 494
	205 329 343 134	**130 850 180 494**

30. Operating costs

EGP	December 31, 2022	December 31, 2021
Merchants' fees	624 842 797	541 133 157
Banks fees	23 371 868	19 640 836
Depreciation and amortization	81 925 511	61 355 123
Cash collection cost	122 242 292	71 892 907
Microfinance cost	39 660 806	14 103 388
Others	26 063 619	17 767 865
	918 106 893	**725 893 276**

31. General and administrative expenses

EGP	December 31, 2022	December 31, 2021
Salaries and Wages	292 748 669	178 109 494
Outsourcing, technical support and services	73 992 351	66 491 122
Rent Expense	1 100 326	118 028
Depreciation and amortization	127 003 322	89 991 807
Insurance expenses	27 859 565	19 448 146
Premises expenses	13 429 633	7 097 272
Training and Human resource expenses	1 680 837	4 901 879
Professional fees	13 164 778	8 620 410
Other expenses	16 903 987	4 933 628
	567 883 468	**379 711 786**

32. Selling and marketing expenses

EGP	December 31, 2022	December 31, 2021
Salaries and Wages	174 374 393	152 644 804
Selling and marketing commissions	119 749 396	64 810 347
Promotion and advertising expenses	91 795 388	61 799 816
	385 919 177	**279 254 967**

33. Credit Interest

EGP	December 31, 2022	December 31, 2021
Credit interest - current accounts and time deposits	17 374 327	6 050 351
Credit interest – treasury bills	193 697 587	120 716 132
	211 071 914	**126 766 483**

34. Finance costs

EGP	December 31, 2022	December 31, 2021
Debit interest	17 454 932	20 235 909
Bank charges	11 538 982	10 396 481
Lease interest expense	13 124 229	8 807 080
	42 118 143	**39 439 470**

35. Depreciation and amortization

Depreciation and amortization which amounted by 208 928 833 EGP were recognized at statement of profit or loss as follow:

EGP	December 31, 2022	December 31, 2021
Cost	81 925 511	61 355 123
General and administrative	127 003 322	89 991 807
	208 928 833	**151 346 930**

36. Significant related parties' transactions

The following are significant related parties' transactions:

EGP	Nature of the relation	Nature of the Transaction	For the Year Ended December 31, 2022
Egyptian American fund	Shareholder	Loans to subsidiary	(48 000 000)
		Loans debit interest	13 046 794
Bank Misr	Shareholder	Loans to subsidiary	(136 331 111)
		Loans debit interest	15 514 551

37. Group's share of (Losses)/profits of investment in associates and joint venture entities

	December 31, 2022	December 31, 2021
Waffarha.com	609 275	(431 950)
Roderz for smart applications	(2 013 438)	(360 000)
EGY Insure-tech for electronic applications	(388 675)	(22 375)
Bosta Co.	(1 814 084)	(4 735 473)
	(3 606 922)	**(5 549 798)**

38. Deferred tax

For the following represent deferred tax assets (liabilities) calculated according to income tax law:

Deferred tax liabilities	**Beginning balance**	**Charged to Consolidated profit or loss**	**Charged to other comprehensive income**	**Ending balance**
Difference in Fixed assets depreciation and intangible assets amortization	(10 737 412)	(1 318 006)	--	**(12 055 418)**
Effect of the initial application of EAS 49	(4 085 192)	--	--	**(4 085 192)**
Resulting from restructuring the ownership structure of corporate investments	(5 130 000)	--	--	**(5 130 000)**
Total Deferred tax liabilities	**(19 952 604)**	**(1 316 006)**	--	**(21 270 610)**
Deferred tax Assets				
Losses on the revaluation of investments at fair value through OCI	--	--	4 005 000	**4 005 000**
Employee shares grant	11 650 104	22 440 362	--	**34 090 466**
Deferred tax losses	12 437 934	(12 437 934)	--	--
Intangible assets	728 042	--	--	**728 042**
Total Deferred tax Assets	**24 816 082**	**10 002 428**	**4 005 000**	**38 823 508**

39. Loans

EGP	payments Due within year	payments Due after a year	balance as of December 31, 2022
A loan from a financing agency To Fawry for Banking Technology and Electronic payments starting from November 2020 for a period of three years from the date of the beginning of the loan, to be paid in two installments, with the first payment due two years after the date of signing the contract, and the second payment due one year after the first payment, and the two parties agreed to calculate a monthly interest rate Fixed annual return to be paid every six months.	48 000 000	--	48 000 000
On March 22, 2021, a medium-term loan contract was signed between a local bank and Fawry for Banking Technology and Electronic payments for a period of 18 months with one of local Banks with the amount of 150 million Egyptian pounds at a market rate of return, to be used to finance the current activity of the company, for the purpose of financing the company's activity in the form of micro-loans in accordance with Financial Supervisory Authority controls.	124 571 214	11 759 897	136 331 111
On November 28, 2022, a credit facility contract was signed between a local bank and Fawry Microfinance, with the aim of financing the company's activity in the form of micro-loans, with a maximum of 150 million Egyptian pounds for up to 18 months, in accordance with the regulations of the Financial Supervisory Authority.	36 008 777	8 991 223	45 000 000
On December 1, 2022, a credit facility contract was signed between a local bank and Fawry Microfinance, with the aim of financing the company's activity in the form of micro-loans, with a maximum limit of 50 million Egyptian pounds, in accordance with the regulations of the Financial Regulatory Authority.	45 820 239	4 165 476	49 985 715
Total loans balance December 31, 2022	**254 400 230**	**24 916 596**	**279 316 826**

40. Lease liabilities

EGP	December 31, 2022	December 31, 2021
Headquarters and branches		
Non- current liabilities	98 145 388	81 540 702
Current liabilities	27 973 117	19 695 737
	126 118 505	**101 236 439**
Maturity Analysis		
Less than 1 year	27 973 117	19 695 737
More than a year and less than five years	92 690 388	79 283 884
More than five years	5 455 000	2 256 818
	126 118 505	**101 236 439**

41. Operating costs and expenses according to nature

EGP	December 31, 2022	December 31, 2021
Merchant's and bank commissions	653 250 324	560,773,993
Selling and marketing commissions	95 252 136	70,065,421
Other cost	12 938 718	17,767,789
Depreciation and amortization	208 928 833	151,346,930
Cost of cash collections	190 012 861	71,892,907
Micro finance contract expenses	59 497 886	14,103,388
Salaries and wages	408 810 161	321,967,579
Outsourcing, technical support and services	70 161 764	63,343,413
Selling and marketing expenses	82 811 721	56,544,739
Bank charges	11 838 982	10,396,481
Debit interest	30 579 161	29,042,989
Insurance expenses	27 777 877	19,448,147
Premises expenses	13 054 195	6,402,372
Training and Human resource expenses	11 413 003	14,596,251
Professional fees	16 350 380	4,787,241
Others	21 349 679	11,819,859
	1 914 027 681	**1 424 299 499**
Operating costs	918 106 893	725 893 276
General and administrative expenses	567 883 468	379 711 786
Selling and marketing expenses	385 919 177	279 254 967
Finance expenses	42 118 143	39 439 470
	1 914 027 681	**1 424 299 499**

42. Segment information

The group has two major sectors representing the important sectors of the group, offering different and services that managed in a separate way because they require different skills and have different types of clients. The managers of each department review internal management reports in a periodic manner 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

EGP	Segment Revenue		Segment Profit/(Loss)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Banking technology and E-payment sector	2 028 302 602	1 521 221 960	390 859 226	294 262 055
Micro-Finance sector	251 032 572	136 934 717	53 683 723	26 562 922
Total	**2 279 335 174**	**1 658 156 677**	**444 542 949**	**321 444 746**
Net profit before tax			**444 542 949**	**321 444 746**
Tax			(117 487 788)	(79 322 663)
Net profit after tax			**327 055 161**	**242 122 083**

B. Segment Assets

EGP	December 31, 2022	December 31, 2021
Banking technology and E-payment	6 292 583 525	4 111 477 098
Micro-Finance	773 591 663	452 425 403
Assets before disposals	**7 066 175 188**	**4 563 902 501**
Elimination of internal transactions between segments	(642 417 282)	(439 827 573)
Assets after disposals	**6 423 757 906**	**4 124 074 928**
Total Assets	**6 423 757 906**	**4 124 074 928**

43. 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 year

EGP	December 31, 2022		December 31, 2021	
	Basic	Diluted	Basic	Diluted
Net profit for the period	240 054 320	240 054 320	177 177 542	177 177 542
Less:				
Employee dividends*	(28 445 656)	(28 445 656)	(19 267 140)	(19 267 140)
Net profit after dividends	211 608 664	211 608 664	157 910 402	157 410 402
Average number of shares during the period	2 579 632 887	2 615 795 167	1 338 415 231	1 339 109 038
	0.08	0.08	**0.12**	**0.12**

* For the purposes of calculating the earnings per share of the fiscal year ending on December 31, 2022, the employees' dividends proposed by the board of directors has been deducted, the proposed dividend will be presented to the Company's general assembly for approval.

44. Acquisition of a subsidiary company

During the year, Fawry for Banking Technology and Electronic Payments S.A.E. acquired 51.20% from the total shares of Dirac Information Systems S.A.E. With an amount of EGP 13 million, according to the shareholders' agreement, the company paid an amount of EGP 3 million with a commitment to pay the remaining amount of the investment amounted to EGP of 10 million, this amount was paid in subsequent period of the consolidated financial statements, The goodwill recognized as the value of the increase in cash consideration against the fair value of the company's net assets.

The fair value of identifiable assets acquired, liabilities and potential liabilities assumed resulting from the acquisition of Dirac for information systems S.A.E. has been provisionally determined, and the provisional fair value of the acquired at the date of the acquisition was EGP 9 690 336.

EGP	December 31, 2022
Fair value of consideration	13 000 000
Less:	
Provisional fair value of net assets acquired and liabilities	(9 690 336)
Add:	
Non-controlling interest (provisional fair value)	4 728 794
Goodwill	**8 038 458**

According to paragraph No. 45 of the Egyptian Accounting Standard No. (29), the initial processing of the business combination was not completed until the end of the fiscal period, as the group's management is still preparing a study of the allocation of the cash consideration in the date of the combination on the fair values of the company's net assets with the aim of measuring the assets defined annually and potential obligations in the date of acquisition and determining the value of goodwill. The company will perform during the measurement period, which is the period after the acquisition date, where there is reasonable time to determine and measure the following date of acquisition:

- **A-** Identifiable acquired assets, potential liabilities and any non-controlling interests in the acquired facility.
- **B-** The material equivalent transferred to the acquired facility or any other value used in measuring Goodwill.
- **C-** Equity retained by subsidiary in the acquired subsidiary.

Net cash paid from the acquisition of a subsidiary.

	EGP
Cash paid	3 000 000
Deduct:	
Cash and cash equivalents for the acquired subsidiary	(860 976)
	2 139 024

45. 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.

46. 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 of 2005, its executive regulations, and its amendments

a. 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 any difference settled.

The period from 2013 until 31 December 2017

The company has been notified of a request for an estimated evaluation of the aforementioned years, and it has been appealed against at the legal dates, and the company's books are being examined on an actual basis.

The period from 2018 until 31 December 2020

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

b. Salaries tax

The period from inception until December 31, 2016

- The Company was inspected and any difference settled.

The year 2017 until December 31, 2020

- The company's records have not been tax inspected for the mentioned period yet.

c. Stamp duty tax

The period from inception until December 31, 2014

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

The period from 2015 until December 31, 2020

- The company's records been tax inspected and amount were paid, and the differences is being settled.

d. Sales tax / VAT tax

The period from inception until December 31, 2014

- The company's records have been tax inspected from the date of incorporation till 2014. And all differences were settled

The period from 2015 until December 31, 2019

- Company's recorded were inspected, all tax due amounts were paid and differences is being settled.

The period from Jan 1, 2020 until December 31, 2020

- Tax returns were submitted and paid all tax due on its dates

e. Withholding tax

- The company's records have not been tax inspected yet.

47. Financial instruments

Credit risk factors

- The company manages and evaluates the financial risks associated with the company's activity by analyzing the impact of those risks and the means to confront them. The financial risks include credit risks and liquidity risks.
- The company monitors the financial market in order to control the financial risks related to the company's operations.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations on due dates resulting in financial loss to the Group. This risk is insignificant as the Group applies polices to guarantee dealing with clients of high credit worthiness and good reputation, and performs a continuous monitoring of debtors in order to minimize credit risk to the minimal rate. The Group's management collects cash in advance from the merchants, who represent the major portion of the transactions volume. Also, the bank current accounts are held at banks with high credit ratings.

The Group reviews this risk and submits reports regularly to the senior management.

The maximum credit risk is analyzed as follows:

EGP	December 31, 2022	December 31, 2021
Cash and cash equivalents	2 212 689 088	1 120 900 729
Treasury bills	1 482 137 081	1 129 566 247
Accounts and notes receivable	37 820 433	63 746 140
Loans to customers	731 280 541	410 746 801
Due from related parties	1 499 172	1 700 445
Debtors and other debit balances	150 295 039	63 471 350
Advances to billers	498 083 700	372 680 643
Total	**5 113 805 054**	**3 162 812 355**

The Group uses specialized models in calculating the provision for calculating expected credit losses on its financial assets, including loans to microfinance clients.

Expected credit loss assessment for loans to micro-finance customers

- This risk is represented in the inability of customers granted credit to pay their dues. To reduce this risk, the company's management implements policies that guarantee dealing with the risk and then managing it through the distribution of centralizations, whether at the level of individuals, geographical areas, or customer activities with a good credit record and a good reputation. By following up on clients' accounts, and in the event of a default in the repayment of those loans, it forms the necessary provision to meet these obligations. The company's cash balances are deposited in banks with a high credit reputation, and the maximum risk is represented in the value of clients' loans.
- The Group uses an allowance matrix to measure the ECLs of loans to micro-finance customers, which comprise a large number of small balances.
- The following table provides information about the exposure to credit risk and ECLs for loans to micro-finance customers as at 31 December 2022 and 31 December 2021:

EGP	December 31, 2022	Accrued revenues	Expected credit loss provision
Current	720 112 321	1 525 443	1 041 722
1-30 days past due	28 351 188	1 409 454	845 797
31-60 days past	4 306 006	693 128	1 062 855
61-90 days past	1 644 852	594 333	803 502
91-120 days past	22 764 945	3 826 584	21 032 693
	777 179 312	**8 048 942**	**24 786 569**

The balance of the provision according to the rules of the Financial Rgulatory Authority during the year 2021 amounted to 45 898 860 EGP, and accordingly, the authority's provision was established (Note No. 14)

EGP	December 31, 2021	Accrued revenues	Expected credit loss provision
Current	378 924 582	--	3 590 053
1-30 days past due	41 140 349	2 462 741	1 647 193
31-60 days past	3 258 196	338 958	815 591
61-90 days past	2 251 348	298 695	1 398 422
91-120 days past	11 157 697	6 797 725	13 466 567
	436 732 172	**9 898 119**	**20 917 826**

The balance of the provision according to the rules of the Financial Rgulatory Authority during the year 2021 amounted to 25 985 370 EGP, and accordingly, the authority's provision was established (Note No. 14)

a. Capital risk management

The Group manages its capital to ensure that it will be able to continue as going concern, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders. The capital structure of the Group consists of the capital paid by shareholders plus retained earnings. The Group reviews the capital structure of the Group regularly. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Financial risks factors

The Group monitors and manages financial risks relating to its operations through analyzing the degree and magnitude of risk exposure. These risks include credit risk and liquidity risk. The Group's overall risk management program focuses on managing the unpredictability of financial markets and seeks to minimize potential effects on the Group's financial performance.

Liquidity risk

The ultimate responsibility for liquidity risk rests with the Group's management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's management continuously monitors the forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturity for financial liabilities:

31 December 2022	Less than one year	More than one year	Total
	EGP	EGP	EGP
Non-interest bearing	3 029 709 641	--	**3 029 709 641**
Bearing interest	481 006 528	173 796 729	**656 109 201**
	3 510 716 169	**173 796 726**	**3 684 512 898**

31 December 2021	Less than one year	Less than one year	Total
	EGP	EGP	EGP
Non-interest bearing	1 814 763 215	--	1 814 763 215
Bearing interest	600 740 676	145 299 113	746 039 789
	2 415 503 891	**145 299 113**	**2 560 803 004**

Foreign currency risk

Foreign currency risk is represented in foreign currency fluctuations in exchange rates affecting the Company's cash inflow and outflow in foreign currencies and also the exchange differences arising from translation of monetary assets and liabilities in foreign currencies. The Group's management monitors foreign currency balances and prevailing exchange rates, and continuously minimizes deficit in foreign currency position, if any. Except for bank accounts in foreign currencies, most of the company's assets and liabilities are denominated in Egyptian pound, which minimize exposure to foreign currency risk.

Interest rate risk:

Interest rate risk represents fluctuations in interest rate which may have a negative impact on the results of operations and cash flows, management continuously monitors the changes in interest rates in the market. Interest rate risk is considered insignificant since all the company does not has facility at variable interest rate.

fair value measurement

Fair value measurements recognized in the consolidated statement of financial position:

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Stages 1 to 3 based on the degree to which the fair value is observable.

- Stage 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Stage 2: fair value measurements are those derived from inputs, other than quoted prices included within Stage 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). However, it is not considered quoted prices as that included in stage 1.
- Stage 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2022 **EGP**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVTOCI				
Unlisted shares measured at FV	--	--	**38 505 101**	**38 505 101**
2021 **EGP**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVTOCI			**47 171 976**	**47 171 976**
Unlisted shares measured at FV	--	--		

48. Significant Events during the year

- In February 2022, the Russian - Ukrainian conflict erupted. The situation changed rapidly, leading to high fluctuations in all markets.

- Despite this, the management closely monitors the market developments in this very volatile situation. However, the group management believes that there is currently no indication of a disturbance in the company's business or not to fulfill the group's obligations towards its customers

- On March 21,2022, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the rate of the borrowing and lending for one night by 100 points to reach 9.25%, 10.25% and 9.75%, respectively. The lending interest rate was also raised by 100 points to reach 9.75 %.

- On April 27, 2022, Prime Minister Decision No. 1568 of 2022 was issued to amend some provisions of Egyptian accounting standards by adding an article (B) to the Egyptian Accounting Standard No. (13) regarding the effects of changes in foreign exchange rates. This supplement aims to develop a special accounting treatment for dealing With the effects of the extraordinary economic decision regarding the movement of the exchange rate, by setting an additional article for paragraph No. (28) of the Egyptian Accounting Standard No. (13) "the effects of changes in foreign exchange rates" that require recognition of currency differences within the statement of profit or loss for the period In which these differences arise, instead, it allowed the company that has existing foreign currency obligations on the date of moving the exchange rate related to fixed assets, property assets and exploration assets (with the exception of goodwill) and exploration assets purchased during 2022 to the date of changing exchange rates to recognize this currency differences resulting from translating these obligations on the date of changing exchange rates, also it allows the entity to recognize debit and credit currency differences resulting from translation

  Of monetary assets and liabilities In foreign currencies existing on the date of changing exchange rates within other comprehensive income and to close it to the retained earnings for the year but the managements decided not to apply this accounting treatment

- On May 19, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting, to raise the rates of the one-night lending and borrowing rate by 200 points, to reach 11.25%, 12.25%, and 11.75%, respectively. The credit and discount rates were also raised. by 200 basis points, to reach 11.75%.

- On May 26, 2022, the Ordinary General Assembly decided to pay an amount of 19.3 million Egyptian pounds to the workers.

- On October 27, 2022, the monetary Policy Committee of the Central Bank of Egypt decided, in its extraordinary meeting, to raise the lending and borrowing rates of the one -night lending by 200 points, to reach 13.25%, 14.25%, and 13.75%, respectively. One hundred by 200 basis points to 13.75% , he credit and discount rate was also raised by 200 basis points, to reach 13.75%.

49. Share-based payments

The Company introduced an Employees Share Ownership Plan (ESOP) program in accordance with the shareholders' approval at the extraordinary general assembly meeting held on February 22, 2021, The company granted free shares and allocated shares to some of its employees in accordance with the ESOP program which includes giving the right to some employees a completing a term of 3 years in service at The Company to have the right in ordinary shares by granting free shares or allocating shares by 50% of the fair value on the vesting date after completion of a term of 2 years in service at The Company and which will be issued on the date of the grants. The equity instruments for share-based payment are recognized at fair value on the grant date and are recorded in the income statement on a straight line basis during a three-years period for the grant of free shares and two years for the allocated shares at 50% of the shares' fair values on the vesting date, with a corresponding increase in equity based on the Company's estimate, at each reporting date, for the number of shares that will vest. The fair value of granted shares was determined based on the share price announced on the Egyptian Stock Exchange at the grant date.

Equity instruments during the year represents the following:

	December 31, 2022 EGP	December 31, 2022 No. of shares	December 31, 2021 EGP	December 31, 2022 No. of shares
Outstanding at the beginning of the year	86 600 526	14 874 666	--	--
Granted during the year*	18 370 116	51 781 000	62 005 689	16 255 546
Forfeited during the year	(5 855 474)	(3 583 527)	(9 607 672)	(1 380 880)
Exercised during the year	--	--	--	--
	99 115 168	**63 072 139**	52 398 017	**14 874 666**
Total Reserve for employee stock ownership plan (ESOP)	**151 513 185**		**52 398 017**	

* The number of shares granted during July 2022 is 51 781 000 shares, which 25 890 500 are free shares and 25 890 500 allocated shares at 50% of the fair value at the vesting date.