

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

Separate 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 Separate Financial Statements**

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

**Management's Responsibility for the Separate Financial Statements**

These separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Egyptian Accounting Standards and in the light of the relevant Egyptian laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements.

#### Opinion

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

#### Report for Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which includes all that is required by the law and the status of the Company, and the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' Report is prepared in compliance with Law No. 159 of 1981 and its executive regulation thereto, and is in agreement with the Company's books of accounts.

Cairo, 6 March 2023



Kamel Magdy Saleh, FCA

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

EFSA Register No. "69"



Translation of financial statements

Originally Issued in Arabic

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

**Separate statement of financial position**

**as of December 31, 2022**

EGP	Note No.	December 31, 2022	December 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets (net)	(6)	671 626 871	476 146 746
Intangible assets (net)	(7)	372 162 129	266 718 728
Projects under construction	(8)	35 615 802	16 199 524
Investments in subsidiaries	(9)	216 514 882	163 514 882
Investments in associates and joint venture	(10)	21 414 659	15 233 230
Investments at fair value through OCI	(11)	38 505 101	47 171 976
Deferred tax asset	(34)	27 784 162	8 230 058
Loans to related parties	(13)	193 416 296	121 929 026
<b>Total non-current assets</b>		<b>1 577 039 902</b>	<b>1 115 144 170</b>
<b>Current assets</b>			
Inventory		3 198 362	298 046
Accounts and notes receivable	(14)	8 164 899	37 600 243
Debtors and other debit balances	(15)	140 971 946	53 112 160
Advances to billers		498 083 700	372 680 643
Due from related parties	(16)	11 601 893	25 906 741
Investments at fair value through P&L	(12)	13 318 250	--
Treasury bills	(17)	1 392 557 695	1081 560 038
Cash and cash at banks	(18)	2 125 353 270	1073 389 272
<b>Total current assets</b>		<b>4 193 250 015</b>	<b>2 644 547 143</b>
<b>Total assets</b>		<b>5 770 289 917</b>	<b>3 759 691 313</b>
<b>Equity</b>			
Issued and paid-up capital	(19)	1653 652 060	853 652 060
Legal reserve	(20)	53 150 023	47 129 042
Reserve for employee stock ownership plan (ESOP)	(43)	151 513 185	52 398 017
Shares issuance expenses reserve		(5 818 102)	(2 835 763)
Revaluation reserve for Investments at fair value through OCI		(13,795,000)	--
Retained Earnings		359 540 551	267 244 741
Net profit for the year		177 785 349	120 419 625
<b>Total equity</b>		<b>2 376 028 066</b>	<b>1 338 007 722</b>
<b>Non-Current liabilities</b>			
Deferred tax liabilities	(34)	16 960 418	14 313 398
Lease Liabilities	(44)	68 803 312	35 931 789
<b>Total non current liabilities</b>		<b>85 763 730</b>	<b>50 245 187</b>
<b>Current liabilities</b>			
Bank credit facilities	(21)	149 542 191	431 224 733
Provisions	(22)	40 634 057	32 130 642
Accounts and notes payable	(23)	61 708 170	70 405 635
Accounts payable - Billers	(24)	1 872 568 587	1009 535 411
Merchant advances		628 954 407	444 655 635
Retailers' POS security deposits		76 121 037	62 338 903
Creditors and other credit balances	(25)	270 243 189	161 366 419
Due to a related parties	(26)	165 283 478	136 011 779
Current income tax		32 397 288	19 019 856
Lease Liabilities	(44)	11 045 717	4 749 391
<b>Total current liabilities</b>		<b>3 308 498 121</b>	<b>2 371 438 404</b>
<b>Total equity and liabilities</b>		<b>5 770 289 917</b>	<b>3 759 691 313</b>

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

Chief Financial Officer

Chief Executive Officer

Chairman

Auditor's report attached.



**Fawry for Banking and Payment Technology Services S.A.E.****Separate Statement of Profit or Loss  
for the year ended December 31, 2022**

<b>EGP</b>	<b>Note No.</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Operating revenues	(28)	1 493 453 804	1 116 266 077
Operating costs	(29)	(606 314 616)	(492 424 763)
<b>Gross margin</b>		<b>887 139 188</b>	<b>623 841 314</b>
<b>Add (Less):</b>			
General and administrative expenses	(36)	(421 815 473)	(293 055 873)
Selling and marketing expenses		(374 816 213)	(276 246 095)
Board Compensation expenses		(4 100 064)	(3 702 600)
Formed provisions	(22)	(15 287 449)	(11 628 500)
Net gain from incentives of spreading POS points of CBE initiative		--	19 278 912
Employee Stock Ownership Plan expenses	(43)	(69 107 128)	(36 578 038)
Reversal of expected credit loss		(1 388 745)	4 693 390
Medical contribution for Health and insurance		(4 304 650)	(3 233 185)
Credit interest	(32)	211 979 470	134 687 722
Finance costs	(30)	(35 080 690)	(31 291 083)
Foreign currency exchange gain		14 683 147	203 650
Gain on disposal of fixed assets		8 568 303	7 168 024
Gain on revaluation of financial investments through P&L		818 250	--
Other revenues		7 040 303	8 989 575
<b>Operating profit</b>		<b>204 328 249</b>	<b>143 127 213</b>
Dividends from investments in subsidiaries	(10)	29 730 859	12 060 499
Profits on sale of subsidiaries equity		--	6 680 000
Other Expenses		--	(4 395 726)
<b>Profit for the year before tax</b>		<b>234 059 108</b>	<b>157 471 986</b>
Current income tax		(69 175 843)	(41 143 661)
Deffered income tax	(34)	12 902 084	4 091 300
<b>Net profit for the year after tax</b>		<b>177 785 349</b>	<b>120 419 625</b>
<b>Earnings per share - basic</b>	(37)	<b>0.06</b>	<b>0.08</b>
<b>Earnings per share - diluted</b>	(37)	<b>0.06</b>	<b>0.08</b>

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

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

**Separate statement of comprehensive income**  
**for the year ended December 31, 2022**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net profit for the year	177 785 349	120 419 625
Revaluation Loss for Investments at fair value through OCI	(13 795 000)	--
Total other comprehensive income	(13 795 000)	--
Total comprehensive income for the year	163 990 349	120 419 625

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

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

Separate statement of change in equity

for the year ended December 31, 2022

Note No.	Issued and paid up capital	Legal reserve	Reserve for employee stock ownership plan (ESOP)	Shares issuance expenses reserve	Revaluation reserve for Investments at fair value through OCI statement	Retained Earnings	Retained amount from retained earnings for capital increase	Net profit for the year	Total
	353 652 060	37 799 312	--	--	--	112 141 716 (7 595 326)	100 000 000	186 594 594	EGP 790 187 682 (7 595 326)
	--	--	--	--	--	--	--	--	
	--	--	--	--	--	--	--	120 419 625	120 419 625
	--	--	--	--	--	--	--	120 419 625	120 419 625
	--	--	--	--	--	--	--	--	
	100 000 000	--	--	--	--	(14 566 513)	--	--	(14 566 513)
	400 000 000	--	--	--	--	--	(100 000 000)	--	400 000 000
	--	9 329 730	--	--	--	177 264 864	--	(186 594 594)	--
	--	--	52,398,017	--	--	--	--	--	52 398 017 (2 835 763)
	--	--	--	--	--	--	--	--	(2 835 763)
	500 000 000	9 329 730	--	--	--	162 698 351	(100 000 000)	(186 594 594)	434 995 741
	853 652 060	47 129 042	52 398 017	(2 835 763)	--	267 244 741	--	120 419 625	1338 007 722
	853 652 060	47 129 042	52 398 017	(2 835 763)	--	267 244 741	--	120 419 625	1338 007 722
	--	--	--	--	--	--	--	177 785 349	177 785 349
	--	--	--	--	(13 795 000)	--	--	--	(13 795 000)
	--	--	--	--	(13 795 000)	--	--	177 785 349	163 990 349
	--	--	--	--	--	--	--	--	
(19)	800 000 000	--	--	--	--	(19 267 071)	--	--	(19 267 071)
	--	6 020 981	--	--	--	114 398 644	--	(120 419 625)	--
	--	--	--	2 835 763	--	(2 835 763)	--	--	--
(43)	--	--	99 115 168	--	--	--	--	--	99 115 168
	--	--	--	(5 818 102)	--	--	--	--	(5 818 102)
	800 000 000	6 020 981	99 115 168	(2 982 339)	--	92 295 810	--	(120 419 625)	874 029 995
	1653 652 060	53 150 023	151 513 185	(5 818 102)	(13 795 000)	359 540 551	--	177 785 349	2376 028 066

Balance as of January 1, 2021

Implementation of EAS 47

Items of comprehensive income

Net profit for the year

Total comprehensive income for the year

Transactions with company's owners

Dividends distributions

Transfer amount from retained earnings to capital increase

Capital increase

Capital Increase

Transferred to retained earnings and legal reserve

Reserve for employee stock ownership plan (ESOP)

Shares issuance expenses reserve

Total transactions with the company's owners

Balance as of December 31, 2021

Balance as of January 1, 2022

Net profit for the year

Revaluation reserve for Investments at fair value through OCI

Total comprehensive income for the period

Transactions with company's owners

Dividends distributions

Capital increase

Transferred to retained earnings and legal reserve

Transferred to retained earnings from share issuance reserve

Reserve for employee stock ownership plan (ESOP)

Shares issuance expenses reserve

Total transactions with the company's owners

Balance as of December 31, 2022



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

Separate statement of cash flows  
for the year ended December 31, 2022

EGP	Note	December 31, 2022	December 31, 2021
<b>Cash flows from operating activities:</b>			
Net profit for the year before tax		234 059 108	157 471 986
<b>Adjusted by:</b>			
Depreciation and amortization during the year	(31)	186 467 561	127 672 027
Formed provisions	(22)	15 287 449	11 628 500
Unrealized foreign currency exchange loss.		(14 683 147)	( 203 650)
Expected credit loss		1 388 745	4 693 390
(Gain) on sale of fixed assets		(5 085 898)	(7 168 024)
Dividends from investments in subsidiaries		(29 730 859)	(12 060 499)
Employee Stock Ownership Plan expenses		69 107 128	36 578 038
Net gain from incentives of spreading POS points of CBE initiative		--	(19 278 912)
Revaluation Gain of Investments at fair value through P&L		( 818 250)	
Credit interest	(32)	(211 979 470)	(134 687 722)
(Gain) from the sale of subsidiaries shares		--	(6 680 000)
Finance costs		35 080 690	31 291 083
<b>Operating gain before change in working capital</b>		<b>279 093 057</b>	<b>189 256 217</b>
<b>Changes in working capital</b>			
Increase in inventory		(2 900 316)	( 194 782)
(Increase)/Decrease in advances to billers		(125 403 057)	12 746 247
(Increase)/Decrease in debtors and other debit balances		(87 859 787)	9 269 289
Decrease/(Increase) in accounts and notes receivable	(14)	28 046 599	(4 776 216)
Decrease in due from related parties		44 312 888	2 338 761
(Increase)/Decrease in loans to related parties		(71 487 270)	102 962 481
(Decrease)/Increase in accounts and notes payable		(8 697 465)	41 630 273
Increase in accounts payable- billers		863 033 176	239 281 993
Increase in due to related parties		29 271 699	41 776 082
Increase in merchants prepaid balances		184 298 772	91 214 349
Increase in retailer's POS security deposits		13 782 134	23 356 403
Increase in creditors and other credit balances		105 696 091	52 813 265
Income tax paid		(56 209 894)	(46 470 487)
Used provision		(6 784 034)	--
Proceeds from credit interest		167 662 037	75 106 284
<b>Net cash provided from operating activities</b>		<b>1355 854 631</b>	<b>830 310 159</b>
<b>Cash flows from investing activities</b>			
(Payments) to acquire fixed assets		(253 541 737)	(324 750 993)
(Payments) for projects under construction		(84 267 990)	(14 296 517)
(Payments) to acquire intangible assets		(136 096 369)	(113 116 380)
Proceeds from the sale of fixed assets		18 385 062	15 912 080
(Payments) to acquire financial investments at fair value through P&L		(12 500 000)	--
Proceeds from POS's machines under CBE initiative		--	68 206 579
(Payments) to acquire investment at fair value through OCI		(5 128 125)	(47 171 976)
(Payments) to acquire investment in subsidiary and associates		(59 181 429)	(41 913 449)
Proceeds from dividends from investments in subsidiaries		29 730 859	12 060 499
Net movement of treasury bills - more than three months		288 604 441	(481 756 816)
Proceeds from sale of subsidiaries shares		--	6 680 000
<b>Net cash (used in) investing activities</b>		<b>(213 995 288)</b>	<b>(920 146 973)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital increase		800 000 000	397 164 237
(Payments)/Proceeds from bank facilities		(281 682 542)	208 241 181
(Payments) for lease liabilities		(14 742 347)	(6 548 898)
Dividends paid		(19 267 071)	(14 566 513)
Finance Expenses Paid		(27 370 927)	(28 866 098)
<b>Net cash provided from financing activities</b>		<b>456 937 113</b>	<b>555 423 909</b>
Net change in cash and cash equivalents during the year		1598 796 455	456 200 315
Cash and cash equivalents at beginning of the year		1073 389 272	616 985 307
Changing currency difference for cash and cash equivalent		14 683 147	203 650
<b>Cash and cash equivalents at end of the year</b>	(18)	<b>2 686 868 874</b>	<b>1 073 389 272</b>

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



**Fawry for Banking Technology and Electronic payments S.A.E.**Notes to the Separate Financial Statements For the Year Ended December 31, 2022

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**1. General information**

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in March 2011. The company reregistered at the commercial register under the 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 and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the company is twenty-five years from the Commercial Register date.

The separate financial statements of the company were approved in the board of directors meeting dated March 6, 2023.

**2. Statement of compliance**

The separate financial statements have been prepared in accordance with law Number 110 for on 2015 and with the Egyptian Accounting Standards, and applicable laws and regulations. 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 Standards or legal requirements describing their treatments.

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

The separate financial statements are presented in Egyptian Pound (EGP), which is the functional and presentation currency of the Company.

The financial statements have been prepared in accordance with the Egyptian Accounting Standards and applicable laws and regulations on 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.

The preparation of separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities.

Investments in subsidiaries, associates, and joint ventures were presented in the attached separate financial statements on the basis of cost (excluding impairment, if any) which represents the company's direct equity interest not on the basis of the reported results and net assets of the investees.

Actual results may differ from these estimates. The critical accounting judgments and key sources of estimation uncertainty. (Note #4).

#### **4. Critical accounting judgments and key sources of uncertain estimations**

In the application of the company'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 these 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 separate financial statements are set out below:

##### **A. Investments in a subsidiaries**

A subsidiary company is an entity including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent). Control is achieved when the company has the right into variable returns through its contribution in the investee when exposed or entitled to variable returns and have the ability to effect that returns through its power on investee, the company control the investee when the company has the following:

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

The Company reassesses whether or not it controls an investee if 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.

##### **B. Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee.



Investments in associates in the separate financial statement are carried at cost. However, for those investments which are categorized as held for sale, they are carried at book value or fair value less any transactions costs that are directly attributable to selling these investments, whichever is less. The company does not account for investments in associates using the equity method in the attached separate financial statements as required by paragraph (17) from Egyptian Accounting Standard (18). If objective evidence arises which casts doubt that there is an impairment in the value of investments in associates at the financial position date, the carrying amount of the investment is reduced to its recoverable amount, and the loss is immediately recognized in the separate statement of profit or loss.

**C. Investments in Joint ventures**

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

Investments in joint ventures in the separate financial statement are carried at cost. However, for those investments which are categorized as held for sale, they are carried at book value or fair value less any transactions costs that are directly attributable to selling these investments, whichever is less. If objective evidence arises which casts doubt that there is an impairment in the value of investments in Joint Venture at the financial position date, the carrying amount of the investment is reduced to its recoverable amount, and the loss is immediately recognized in the separate statement of profit or loss.

**D. Foreign currencies**

The Egyptian pound has been designated as the company'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 separate 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.

**E. Fixed assets and depreciation**

Fixed assets are stated in the separate 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 entity and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to separate statement of 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 separate 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:

<u>Assets description</u>	<u>Years</u>
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
Fawry Branches	3

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

#### **F. Intangible assets**

Intangible assets are stated in the financial position at historical cost, less accumulated amortization and accumulated impairment. Amortization is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and amortization method are reviewed at each year-end, taking into consideration the effect of any changes in useful lives estimate accounted for on a prospective basis.

##### **Programs' licenses**

Programs' licenses are stated at historical cost, less accumulated depreciation.

Amortization is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, which is usually 10 years.

##### **Programs**

Computer software programs are capitalized on the basis of the acquisition and utilization cost. These costs are amortized on straight-line basis over their estimated useful lives, which is usually between 4-10 years.

#### **G. Impairment of non-financial assets**

On the date of preparing the financial statements, the company determines whether there is an indication that an asset has been impaired. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to be impaired and is reduced to its recoverable amount. The impairment loss is recorded in the statement of profit or loss.

An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized and it is limited so that, as a result of the impairment loss, the asset's recoverable amount or exceeds its recoverable amount. The carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. The refund is recorded in the loss resulting from the impairment of the value in the statement of profits or losses



**H. Related party transactions**

Related party transactions carried out by the company are proven in the context of its normal transactions in accordance with the conditions set by the Board of Directors and on the same basis as dealing with third parties. These transactions are disclosed if they change from the normal transaction with a third party.

**I. Revenues recognition and measurement**

**Applications sales**

Revenue is measured at the fair value of the consideration received or receivable for the entity. Revenues recognized from the sold applications are recognized in the separate 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 entity 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 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.

**J. 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.

**K. Inventories**

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

**L. 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 separate 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 separate 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 separate financial statements date.

Deferred tax is recognized as an expense or revenue in the separate 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 separate 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 liability method and are reported in the financial position as non-current assets and liabilities.

**M. Legal reserve**

In accordance with law No. 159 for 1981 and the article of incorporation of the company, 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. After that, the company stops forming a reserve unless the reserve falls below 50% of the issued capital, and it is not distributable. The Company is required to resume transfer of net profit to the legal reserve once its balance falls below this percentage.

**N. 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.

**O. Provisions**

Provisions are recognized when the Company 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 separate 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 separate statement of profit or loss.



**P. The cash flows statement**

The separate cash flows statement was prepared using the indirect method. For preparing the separate 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.

**Q. 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.

**R. 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 company 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- Lease contracts subject to Law No. 95 of 1995 in which the company is a lessee**

The company assesses whether a contract is or contains a lease at inception of the contract. The company 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 company 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

**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 company 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 are 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, If 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 company 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 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.

**The cost of right-of-use assets includes:**

- 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 date
- 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 the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company 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 than 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 company 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 company 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 company 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.

**c. 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 unfavourable 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.



### clearing

Offsetting takes place between financial assets and financial liabilities, and the net amount is presented in the statement of financial position only when the company currently has a legally binding right to set off amounts and intends either to settle them on a net basis or to acquire the asset and settle the liability simultaneously.

### Impairment of financial instruments and assets resulting from revenue contracts

The Company recognizes provisions for expected credit losses for:

- Financial assets measured at amortized cost.

The Company measures impairment at an amount equal to lifetime ECL, except for the following, which are measured at 12-month ECL:

- Debt securities that are determined to have low credit risk at the date of the financial statements; And
- Other debt securities and bank balances in which credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for other receivables are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and credit rating, which includes forward-looking information.

The company assumes that the credit risk on the financial asset has increased significantly if the maturity date is more than 30 days.

The Company considers a financial asset to be in default when it is:

- It is unlikely that the Borrower will pay its credit obligations to the Company in full, without the Company resorting to such measures as obtaining the guarantee (if any); or
- The financial asset is more than 90 days past due.

The Company considers debt securities to be of low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The company considers this to be Baa3 or higher depending on Moody's rating.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period during which the company is exposed to credit risk.

### Measurement of ECLs

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Expected credit losses are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the company on terms that the Company would not consider otherwise.
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognised in other comprehensive.

**B. Effective interest method**

Interest income and expense are recognized in the separate statement of profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument to:

- the gross carrying amount of the financial asset; or -the amortized cost of the financial liability.
- When calculating the effective interest rate for financial instruments other than purchased or credit-impaired assets, the Company estimates future cash flows taking into account all contractual terms of the financial instrument, but not expected credit losses.

For purchased or credit-impaired financial assets, the credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs, fees, and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability

**Amortized cost and gross carrying amount**

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.

**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 gross 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.

**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 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 when all the procedures related to entitlement and collection of these grants have been fulfilled according to the conditions decided by the Central Bank of Egypt.



**6- Fixed assets (net)**

<u>E.C.P</u>	<u>Land</u>	<u>Buildings</u>	<u>Networks and servers</u>	<u>Points of sales machines</u>	<u>Computers</u>	<u>Furnitures and other office equipments</u>	<u>Leasehold improvements</u>	<u>Vehicles</u>	<u>Tools and equipments super fawry</u>	<u>Right of use asset</u>	<u>Total</u>
<b>Cost</b>											
<b>As of January 1, 2021</b>	25 970 500	41 129 500	58 870 380	274 933 549	52 997 081	9 133 012	16 956 649	149 300	641 766	--	480 781 737
Additions during the year	26 520 000	70 230 000	49 803 111	158 654 784	9 789 760	695 863	20 665 349	--	--	44 805 093	381 163 960
Disposals	--	--	--	( 69 955 499)	--	--	--	--	--	--	( 69 955 499)
<b>As of December 31, 2021</b>	52 490 500	111 359 500	108 673 491	363 632 834	62 786 841	9 828 875	37 621 998	149 300	641 766	44 805 093	791 990 198
<b>As of January 1, 2022</b>	52 490 500	111 359 500	108 673 491	363 632 834	62 786 841	9 828 875	37 621 998	149 300	641 766	44 805 093	791 990 198
Additions during the year	--	22 690 855	37 589 777	189 845 189	9 128 537	12 719 869	30 834 845	--	--	49 023 578	351 832 650
Disposals	--	--	--	( 27 281 745)	--	--	--	--	--	( 2 823 145)	( 30 104 890)
<b>As of December 31, 2022</b>	52 490 500	134 050 355	146 263 268	526 196 278	71 915 378	22 548 744	68 456 843	149 300	641 766	91 005 526	1 113 717 958
<b>Accumulated depreciation</b>											
<b>As of January 1, 2021</b>	--	4 198 638	43 620 064	137 546 784	26 906 892	6 408 384	9 313 727	149 298	641 739	--	228 785 526
Depreciation for the period	--	1 467 175	26 937 265	54 013 427	4 677 934	1 322 442	4 130 083	--	--	5 171 983	97 720 309
Depreciation of disposals for 20:	--	--	--	( 10 662 383)	--	--	--	--	--	--	( 10 662 383)
<b>As of December 31, 2021</b>	--	5 665 813	70 557 329	180 897 828	31 584 826	7 730 826	13 443 810	149 298	641 739	5 171 983	315 843 452
<b>As of January 1, 2022</b>	--	5 665 813	70 557 329	180 897 828	31 584 826	7 730 826	13 443 810	149 298	641 739	5 171 983	315 843 452
Depreciation for the period	--	3 064 656	27 282 952	79 267 570	8 963 686	2 097 235	8 423 054	--	--	13 954 205	143 053 358
Depreciation of disposals for 20:	--	--	--	( 15 778 531)	--	--	--	--	--	( 1 027 192)	( 16 805 723)
<b>As of December 31, 2022</b>	--	8 730 469	97 840 281	244 386 867	40 548 512	9 828 061	21 866 864	149 298	641 739	18 098 996	442 091 087
<b>Net book value</b>											
<b>As of December 31, 2022</b>	52 490 500	125 319 886	48 422 987	281 809 411	31 366 866	12 720 683	46 589 980	2	27	72 906 530	671 626 871
<b>As of December 31, 2021</b>	25 970 500	105 693 687	38 116 162	182 735 006	31 202 015	2 098 049	24 178 188	2	27	39 633 110	476 146 746

**7. Intangible assets – Net**

<u>EGP</u>	<u>Programs' license</u>	<u>Programs</u>	<u>Total</u>
<b><u>Cost</u></b>			
As of January 1, 2021	38 867 471	222 382 308	261 249 779
Additions during the year	25 964 158	87 152 222	113 116 380
As of January 1, 2022	<b>64 831 629</b>	<b>309 534 530</b>	<b>374 366 159</b>
Additions during the year	18 654 272	130 203 331	148 857 603
As of December 31, 2022	83 485 901	439 737 861	523 223 762
<b><u>Accumulated amortization</u></b>			
As of January 1, 2021	14 876 938	62 818 775	77 695 713
Amortization for the year	3 429 106	26 522 612	29 951 718
As of January 1, 2022	<b>18 306 044</b>	<b>89 341 387</b>	<b>107 647 431</b>
Amortization for the year	5 445 242	37 968 960	43 414 202
As of December 31, 2022	<b>23 751 286</b>	<b>127 310 347</b>	<b>151 061 633</b>
<b><u>Net book value</u></b>			
As of December 31, 2022	<b>59 734 615</b>	<b>312 427 514</b>	<b>372 162 129</b>
As of December 31, 2021	<b>46 525 585</b>	<b>220 193 143</b>	<b>266 718 728</b>

Cost of programs represents the total expenditures paid to design and build the Fawry Technological Platform according to the latest technical specifications and according to the Payment Card Industry Data Security Standards (PCI DSS) compliance, which includes several applications and interrelated systems through which Fawry's network is integrated with its customers in all sectors, and merchants in several point of sale (POS), and mobile phones through android applications, and also banks. Not to mention the electronic gateways through which Fawry is integrated with several payment channels at banks (ATM, Internet Banking, Mobile Banking), and Fawry applications such as the EBPP Switch, the electronic payment gateways, the mobile wallets, and the mobile banking apps. Additionally, it includes the biller warehouse which manages bills and vouchers from initiation to payment, and the source of fund application which manages the merchants' balances, development of a gateway application and a complete electronic trading system, and the development of Artificial Intelligence & Data Analytics systems. The expenditures include costs related to adding new features and systems, and increasing the applications' capacity.

**8. Projects under construction**

<u>EGP</u>	<u>Beginning balance</u>	<u>Additions during the year</u>	<u>Transferred to fixed assets and intangible assets</u>	<u>Ending Balance</u>
Software and program licenses	4 666 610	41 583 934	(12 761 233)	33 489 311
Servers	3 828 350	8 127 548	(11 954 818)	1 080
Payments to acquire fixed assets	7 704 564	34 556 509	(40 135 662)	2 125 411
	<b>16 199 524</b>	<b>84 267 991</b>	<b>(64 851 713)</b>	<b>35 615 802</b>



**9. Investments in a subsidiaries**

<b>EGP</b>	<b>Holding percentage</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Fawry For Micro Finance	99.8%	99 985 000	49 985 000
Fawry Integrated System	99.999%	43 374 000	43 374 000
Fawry Plus for Banking Services	60.46%	56 878 449	56 878 449
Fawry Consumer finance	75%	7 500 000	7 500 000
Fawry fast moving consumer goods	50.999%	5 099 990	5 099 990
Dirac for information systems	51.2%	3 000 000	--
Fawry Dahab for electronics service	37.11%	463 776	463 776
Fawry Gulf-Free Zone (UAE)	75%	213 667	213 667
		<b>216 514 882</b>	<b>163 514 882</b>

The company has control over Fawry Dahab Company for E-Services, as the company is the provider of Technology related services, technological infrastructure, technical support and cash collections services, the company has full control over all relevant decisions related to the company activities and is able to influence the returns obtained by the shareholders of Fawry Dahab E-Services Company.

During the year, the capital of Fawry Microfinance Company was increased by EGP 50 million, and the increase was fully through the company.

An investment was made in Dirac Information Systems during the third quarter of 2022 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 rest of the investment value of EGP 10 million. The full amount was paid in the subsequent period.

**10. Investments in an associates and joint ventures**

<b>EGP</b>	<b>Capital participation</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Bosta Technology company	9.05%	12 423 230	12 423 230
Tazcara for information technology	20%	200 000	200 000
Roaderz for Smart Applications company	32.4%	6 541 429	360 000
Waffarha.com company	30%	2 250 000	2 250 000
		<b>21 414 659</b>	<b>15 233 230</b>

Investments in associates are accounted for in the separate financial statements at cost. The company's share in associates' profits/(losses) is recognized in the consolidated financial statements.

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 MEGP 3.24, was paid in February 2022. , during the year the company increased its investment by 2.9M EGP.

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

The Investments at fair value through other comprehensive income 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.

**12. Investments at fair value through P&L**

<u>EGP</u>	<u>No. of Shares</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investments in Fawry misr Capital Fund	12 500 000	13 318 250	--
		<b>13 318 250</b>	<b>--</b>

**13. Loans to related parties**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fawry for microfinance – Non current	193 877 766	122 190 000
Less: Expected credit losses	(461 470)	(260 974)
	<b>193 416 296</b>	<b>121 929 026</b>

- The company signed a loan contract with Fawry Microfinance Company (Subsidiary) for a period of two years. The two parties agreed to calculate the monthly interest due on the basis of the credit and discount rate announced by the Central Bank of Egypt, as the interest charged to the statement of profits or losses during the year amounted to EGP 15.3 million.

**14. Accounts and notes receivable**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivables – from billers and banks	9 688 843	37 267 409
Notes receivable	120 470	1 631 404
Less: Expected credit losses	(1 644 414)	(1 298 570)
	<b>8 164 899</b>	<b>37 600 243</b>

**15. Debtors and other debit balances**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Vendors – advance payments	2 656 473	2 407 203
Accrued Revenue	80 440 917	4 755 495
Prepaid expenses	11 028 176	7 116 189
Deposits with others	1 390 298	1 346 052
Withholding tax in advance payments	14 486 742	19 247 935
Other debit balances	17 349 241	7 500 448
Custodies	14 872 740	10 765 565
Less: Expected credit losses	(1 252 641)	(26 727)
	<b>140 971 946</b>	<b>53 112 160</b>



**16. Due from related parties**

<u>EGP</u>	<u>Account type</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fawry Fast Moving Consumer goods Co.	Current account	7 783 338	2 406 653
Fawry for Micro Finance Co.	Current account	--	18 960 591
Waffarha.com Co.	Current account	--	220 211
Fawry insurance Brokerage Co.	Current account	512 624	2 760 244
Tazcara Information Technology and Electronic Booking Co.	Current account	1 500 240	1 494 309
Fawry consumer finance Co.	Current account	--	125 000
Fawry Gulf Co.	Current account	1 309 787	--
Dirac for information systems Co.	Current account	500 000	--
<b>Less: Expected credit losses</b>		<b>(4 096)</b>	<b>(60 267)</b>
		<b>11 601 893</b>	<b>25 906 741</b>

**17. Treasury bills**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Treasury bills - less than three months	556 414 865	
Treasury bills - More than three months	795 772 153	1 022 985 555
<b>Add:</b>		
Accrued interest - less than three months	6 375 924	
Accrued interest - More than three months	44 317 433	74 476 798
<b>Less:</b>		
Accrued tax on accrued interest – less than three months	(1 275 185)	
Accrued tax on accrued interest - More than three months	(8 863 487)	(14 895 360)
Expected credit losses	(184 008)	(1 006 955)
<b>Balance</b>	<b>1 392 557 695</b>	<b>1 081 560 038</b>
<b>Nominal value</b>	<b>1 468 475 000</b>	<b>1 149 500 000</b>

**18. Cash and cash equivalents**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Banks current accounts – local currency	142 649 995	243 380 392
E-Acceptance transactions under settlement	371 326 942	128 704 285
Cash at collecting agencies	888 190 416	584 061 259
Banks current accounts – foreign currencies	4 289 142	7 233 158
Time deposit – local currencies	670 712 520	95 036 110
Time deposit – foreign currencies	48 845 881	15 155 942
<b>Less: Expected credit losses</b>	<b>(661 626)</b>	<b>(181 874)</b>
<b>Cash and cash at banks</b>	<b>2 125 353 270</b>	<b>1 073 389 272</b>

For the purpose of preparing cash flow statement, the cash and cash equivalents are comprised of the following:

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash and bank balances	2 125 353 270	1 073 389 272
Treasury bills – less than 3 months	561 515 604	--
	<b>2 686 868 874</b>	<b>1 073 389 272</b>

**19. Capital**

The issued and paid-up capital amounted to EGP 353 652 060 distributed over 707 304 120 shares with a nominal value of EGP 0.5, and on December 31, 2020, the General Assembly of the Company decided to increase the capital by 100 million Egyptian pounds by distributing free shares financed from the retained earnings of the Company and registered that increase in the commercial register on February 3, 2021, as well as on December 31, 2020, the General Assembly of the Company decided to increase the capital by 400 million Egyptian pounds by cash increase in nominal value through underwriting to the old shareholders and was registered by this increase in the commercial register on 20 June 2021 to become the issued and paid-up capital of EGP 853 652 060 distributed on 1 707 304 120 shares with a par value of EGP 0.50.

On March 3, 2022, the 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 shares with a nominal value of 0.5 Egyptian pounds.

**20. Legal reserve**

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

**21. Banks Credit Facilities**

On May 2022, an agreement between Fawry for Banking Technology and Electronic payments Company and a local bank to grant the company a credit facility of up to EGP 150 million, with a rate of return at market rate. The term of the credit facility is one year, and the balance amounted to EGP 149 million on December 31, 2022 ( December 31, 2021: EGP 149).

On December 2021, an agreement between Fawry for Banking Technology and Electronic payments Company 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, 2022 is Nil (December 31, 2021: EGP 17.5 million).

On November 2021, an agreement between Fawry for Banking Technology and Electronic payments Company and a local bank to grant the company a credit facility with a maximum amount of EGP 200 million at market rates, The credit facility will be used for the payment of the advances to billers (Telecommunication companies), and the balance reached EGP 50 K on December 31, 2022 (December 31, 2021: EGP 194 million).

On November 2021, an agreement between Fawry for Banking Technology and Electronic payments Company 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 Company 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 reached Nil (December 31, 2021: EGP 31 K).



**22. Provisions**

<u>EGP</u>	<u>Balance at January 1, 2022</u>	<u>Formed during the year</u>	<u>Used</u>	<u>Balance at December 31, 2022</u>
Provisions for claims	32 130 642	15 287 449	(6 784 034)	40 634 057
	<b>32 130 642</b>	<b>15 287 449</b>	<b>(6 784 034)</b>	<b>40 634 057</b>

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.

**23. Accounts and notes payable**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	60 412 265	68 337 559
Notes Payable	1 295 905	2 068 076
	<b>61 708 170</b>	<b>70 405 635</b>

**24. Accounts payable – Billers**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payables – billers	1 592 568 587	816 562 614
Notes payables – billers	280 000 000	192 972 797
	<b>1 872 568 587</b>	<b>1 009 535 411</b>

**25. Creditors and other credit balances**

<u>EGP</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued expenses	48 112 495	33 737 380
Accrued commissions	43 968 942	50 604 607
Tax Authority	124 762 607	50 867 801
Unearned revenue	3 006 165	1 756 320
Health insurance contribution	4 304 652	3 233 187
Transactions Under settlement	6 680 018	6 096 583
Other credit balances	39 408 310	15 070 541
	<b>270 243 189</b>	<b>161 366 419</b>

**26. Due to related party**

<u>EGP</u>	<u>Nature of relationship</u>	<u>Account type</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fawry Integrated System	Subsidiary	Current account	44 614 021	56 137 454
Fawry Dahab Technology	Subsidiary	Current account	118 036 447	79 555 835
Fawry Plus for Banking Services	Subsidiary	Current account	2 619 186	318 490
Fawry consumer Finance	Subsidiary	Current account	13 824	
			<b>165 283 478</b>	<b>136 011 779</b>

**27. Contingent liabilities**

- The contingent liabilities are represented in the uncovered part of the letters of guarantees issued from banks for the benefit of some parties and entities that the company is dealing with as follows:

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

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 separate financial statements.

**28. Operating revenues**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Transaction services revenue - collection fees	1 309 774 226	1 008 650 800
Other revenues	183 679 578	107 615 277
	<b>1 493 453 804</b>	<b>1 116 266 077</b>

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

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total throughput	205 329 343 134	130 884 911 658
	<b>205 329 343 134</b>	<b>130 884 911 658</b>

**29. Operating costs**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Merchants' fees	326 673 636	327 320 334
Banks' fees	23 371 868	19 640 836
Depreciation and amortization	67 049 529	40 694 290
Cash collection cost	176 921 214	94 853 914
Others	12 298 369	9 915 389
	<b>606 314 616</b>	<b>492 424 763</b>

**30. Finance costs**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debit interest	17 454 932	19 352 306
Letter of guarantees' bank charges	9 915 995	9 513 792
Lease interest	7 709 763	2 424 985
	<b>35 080 690</b>	<b>31 291 083</b>

**31. Depreciation and Amortization**

Depreciation and amortization had been classified as follows:

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Operating costs	67 049 529	40 694 290
General and administrative Expenses	119 418 031	86 977 736
	<b>186 467 560</b>	<b>127 672 026</b>



**32. Credit Interest**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Credit interest - current accounts	14 880 586	5 487 106
Credit interest – treasury bills	181 760 646	114 689 651
Credit interest – loans to related party	15 338 238	14 510 965
	<b>211 979 470</b>	<b>134 687 722</b>

**33. Significant related parties' transactions**

The outstanding balances of Due to and from related parties have been disclosed in Note No. (14) and (25) which also include the nature of the relationship with each related party as well as the nature of the account. Transactions that took place during the financial year on current accounts represent expenses paid on behalf of the company or what the company paid for on behalf of the related parties in addition to the transfer of balances between the related parties (if any). The transactions recorded in the current accounts - which are essentially transfers to and from the company - are of short-term nature

The following are significant related parties' transactions:

<b>EGP</b>	<b>Nature of the Transaction</b>	<b>December 31, 2022</b>
Fawry Dahab for Electronics Services	Revenue collection on behalf of related party	302 645 420
	Electronic Payment services cost	105 459 012
	Dividends	29 730 860
Fawry for Integrated Systems	Program acquisition from related party	123 410 233
	POS machine acquisition	188 836 417
Fawry Micro Finance	Capital increase	50 000 000
	Loans to related parties	193 877 767
	Credit Interest	15 338 238
Fawry Plus for Banking Services	Revenue collection on behalf of related party	84 849 764
	Revenue from electronic payment	680 730
	Branches managing fees	8 328 545
Fawry for FMCG	Electronic Payment services revenue	35 623 556
	Operations revenue on Fawry's Services	647 640

**34. Deferred tax**

The following are the deferred tax assets (liabilities) balances calculated in accordance with the income tax law

<b>EGP</b>	<b>January 1, 2022</b>	<b>Charged to P&amp;L</b>	<b>Charged to OCI</b>	<b>December 31, 2022</b>
Depreciation & Amortization Differences	(10 228 206)	(2 647 020)	--	(12 875 226)
The impact of the initial application of EAS 49	(4 085 192)	--	--	(4 085 192)
<b>Total Deferred Tax liabilities</b>	<b>(14 313 398)</b>	<b>(2 647 020)</b>	<b>--</b>	<b>(16 960 418)</b>
ESOP	8 230 058	15 549 104		23 779 162
Revaluation loss of financial investments through OCI	--	--	4 005 000	4 005 000
<b>Total Deferred Tax Assets</b>	<b>8 230 058</b>	<b>15 549 104</b>	<b>4 005 000</b>	<b>27 784 162</b>
<b>Net Deferred Tax Assets and Liabilities</b>	<b>(6 083 340)</b>	<b>12 902 084</b>	<b>4 005 000</b>	<b>10 823 744</b>

**35. The effective rate of the tax rate**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Net profit before tax	234 059 108	157 471 986
Add		
Depreciation	172 513 355	122 500 044
Health social contribution	4 304 650	3 233 185.00
other additions	379 838 799	115 703 520
Deduct		
Tax depreciation of assets	(176 930 186)	(115 149 055)
other deductibles	(236 818 506)	(162 818 034)
Net Taxable (Loss)	<b>376 967 720</b>	<b>120 941 646</b>
Taxable portion	100%	100%
Tax Base	<b>376 967 720</b>	<b>120 941 646</b>
Tax rate	22.5%	22.5%
Current income tax	56 273 758	37 052 361
The effective rate of the tax rate	24%	23.53%

**36. Operating costs and expenses by nature of expense**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Merchant's and bank commissions	349 405 154	324 239 242
Other costs	12 938 718	9 915 312
Selling and marketing commissions	95 252 136	70 065 421
Depreciation and amortization	186 467 560	127 672 027
Cost of cash collections	176 921 214	107 680 704
Salaries and wages	302 385 314	178 882 453
Social insurance	35 468 426	22 248 412
Technical support and service centers	60 250 725	61 349 681
Rent expenses	--	5 171 983
Selling and marketing expenses	72 534 861	53 535 867
Bank charges	9 915 995	9 513 812
Credit interest	25 164 695	21 777 291
Insurance expenses	24 395 373	17 014 927
Headquarters expenses	11 782 568	6 402 372
Training and Human resource expenses	6 475 847	4 623 131
Professional fees	13 712 839	4 671 180
Other Expenses	54 955 567	68 253 999
	<b>1 438 026 992</b>	<b>1 093 017 814</b>
Operating costs	606 314 616	492 424 763
General and administrative expenses	421 815 473	293 055 873
Selling and marketing expenses	374 816 213	276 246 095
Finance expenses	35 080 690	31 291 083
	<b>1 438 026 992</b>	<b>1 093 017 814</b>



**37. Earnings per share**

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

EGP	December 31, 2022		December 31, 2021	
	Basic	Diluted	Basic	Diluted
Net profit of the period	177 785 349	177 785 349	120 419 625	120 419 625
<b>Deducted:</b>				
Dividends	(28 445 656)	(28 445 656)	(19 267 140)	(19 267 140)
Net profit after dividends	149 339 693	149 339 693	101 152 512	101 152 512
Average number of shares	2 579 632 887	2 615 795 167	1 338 415 231	1 339 109 038
	<b>0.06</b>	<b>0.06</b>	<b>0.08</b>	<b>0.08</b>

**38. Legal Position**

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

**39. 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

**Corporate tax**

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

**The period from 2009 until 2012**

- The Company was inspected and tax differences were settled.

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

The company has been notified of a request for an estimated evaluation of the forementioned years, and the company's books are being examined on actual basis.

**The period from 2018 until 31 December 2020**

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

**Salaries and wages tax****The period from establishment until December 31, 2016**

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

**The year 2017 until December 31, 2020**

- The period was inspected, and Outstanding taxes were settled and the difference is being settled.

**Stamp duty tax****The period from inception until December 31, 2014**

- The company's records have 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.

**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.

**Year 2020**

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

**Withholding tax**

- The company's records have not been inspected yet by the tax authority for the years since establishment of the company till the reporting date and have not received any tax authority related inspection requests or notice for inspection over those years

**40. Financial instruments**

**Capital risk management**

The Company 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 Company consists of the capital paid by shareholders plus retained earnings. The Company reviews the capital structure of the Company regularly. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital.

**Financial risks factors**

The company 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 company's overall risk management program focuses on managing the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

**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 company. Trade and notes receivables are monitored on an ongoing basis, and there are no delays included in these balances. Also, most of company's revenues arising from prepaid services, and the company is dealing with the financial institutions are only those that have high credit worthiness. The company performs a continuous monitoring of debtors in order to minimize credit risk to the minimal rate. The company'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 company reviews that risk and submits periodic reports to the senior management on those risks and the means of confronting their impact on the financial statements.



The maximum credit risk is analyzed as follows:

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash and cash equivalents	2 126 014 896	1 073 571 146
Treasury bills	1 392 741 703	1 082 566 993
Accounts and notes receivable	9 808 313	38 898 813
Debtors and other debit balances	114 053 197	45 639 149
Due from related parties	11 605 989	28 217 013
Loans to related parties	193 877 766	122 190 000
Advances to billers	498 083 700	372 747 212
<b>Total</b>	<b>4 346 185 564</b>	<b>2 763 830 326</b>

-Company uses specialized approaches in the calculation of ECL on its financial assets.

#### **Liquidity risk**

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

The company uses specialized models in calculating the provision for expected credit losses on its financial assets.

The following are the remaining contractual dues for financial obligations, taking into account that the company does not have financial obligations with a return or maturity of more than a year:

<b>EGP</b>	<b>Less than one year</b>	<b>Total</b>
<b>31 December 2022</b>		
Non-interest bearing	3 073 600 099	3 073 600 099
Interest bearing	229 391 220	229 391 220
	<b>3 302 991 319</b>	<b>3 302 991 319</b>
<b>31 December 2021</b>		
Non-interest bearing	1 884 313 782	1 884 313 782
Interest bearing	471 905 913	471 905 913
	<b>2 356 219 695</b>	<b>2 356 219 695</b>

#### **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 company 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 the company does not has facilities with variable interest rates.

**fair value measurement**

Fair value measurements recognized in the separate 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	Stage 1	Stage 2	Stage 3	Total
EGP				
<b>Financial assets at FVTOCI</b>			<b>38 505 101</b>	<b>38 505 101</b>
Unlisted shares measured at FV				
2021	Stage 1	Stage 2	Stage 3	Total
EGP				
<b>Financial assets at FVTOCI</b>				
Unlisted shares measured at FV	--	--	<b>47 171 976</b>	<b>47 171 976</b>

**41. 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%.

#### 42. Subsequent events to the period

On March 6, 2023 the company's Board of Directors approved a dividends proposal for the fiscal year ended in December 31, 2022 for the employees in the amount of EGP 28 445 656.

#### 43. 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 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:

	<u>December 31, 2022</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2021</u>
	<u>EGP</u>	<u>No. Shares</u>	<u>EGP</u>	<u>No. of shares</u>
Outstanding at the beginning of the year	61 234 400	10 398 231	--	--
Granted during the year*	13 515 975	38 186 000	39 663 354	11 555 046
Forfeited during the year	(5 643 247)	(489 696)	(3 034 156)	(1 156 815)
Exercised during the year	--	--	--	--
<b>Total at the end of the year</b>	<b>69 107 128</b>	<b>48 094 536</b>	<b>36 629 198</b>	<b>10 398 231</b>
ESOP For subsidiaries	30 008 040	15 272 337	15 768 818	4 476 435
<b>Total Reserve for employee stock ownership plan (ESOP)</b>	<b>151 513 185</b>		<b>52 398 017</b>	

- The number of shares granted during the period is 51 781 000 shares, which comprise 25 890 500 free shares and 25 890 500 allocated shares at 50% of the fair value at the vesting date.

**44. Lease Contracts**

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Non-current liabilities	68 803 312	35 931 789
Current liabilities	11 045 717	4 749 391
	<b>79 849 029</b>	<b>40 681 180</b>

The following table summarizes the movement of lease liabilities during the year:

<b>EGP</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Less than a year	11 045 717	4 749 391
Over a year under 5 years	63 348 312	32 778 940
Over 5 years	5 454 999	3 152 849
<b>Total</b>	<b>79 849 029</b>	<b>40 681 180</b>