

Annual report of the Board of Directors attached to the Financial Statements

(Prepared in accordance with the provisions of Article 40 of the registration rules)

Company Name:	Fawry for Banking Technology and Electronic Payments
Company information:	Established in accordance with the provisions of the Investment Law No. 159 of 1981, The Company purpose according to the last amendment dated 4/11/2021 is to provide specialized operating services for information and communication technology systems. Management, operation and maintenance of computer equipment and networks, internal systems of banks, networks and mainframes. Development of operating systems of banking services through the internet and telephone, provision of electronic payment services and circulation of secured documents electronically. Subject to the provisions of the applicable laws, regulations and decisions and provided that the necessary licenses are issued to practice these activities. The company may have an interest or participate in any way with companies and others that are engaged in similar businesses or that may cooperate with them to achieve its purpose in Egypt or abroad, and it may also merge with the above bodies, purchase or attach to them in accordance with the provisions of the law and its executive regulations. The specified period of the company: 25 years from the date of registration in the Commercial Register Investment October 6, No. 1333 dated 3 /3 /2022 the Extraordinary General Assembly of the company approved an increase in the authorized capital of EGP 3 billion, and an increase in the issued and paid-up capital to EGP 1,653,652,060 and distributed to 3,307,304,120 shares with a nominal value of half a pound per share. The company was listed on the Egyptian Stock Exchange on July 22, 2019.

Investor relations

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Website:	www.fawry.com		
Email Address:	Mostafa.ibrahem@fawry.com		
Auditor:	Mr. Kamel Magdy Saleh		
Registration number:	69	Registration date:	6/11/2006
Date of appointment:	May 26, 2022 by the decision of the Ordinary General Assembly of the company.		

The structure of shareholders and the percentage of ownership of the members of the board of directors:

Shareholders of 5% of the company's shares	Number of shares at the date of the financial statements	percentage %
Alpha Oryx Limited	416,728,062	12,60%
Banque Misr	331,942,520	10.037%
Link Hold Co B.V	270,344,629	8,17%
Egyptian American Enterprise Fund	289,002,353	8.74%
National Bank of Egypt	206,225,843	6,23%
Black Sparrow Long Term Investments LTD	200,113,840	6.05%

*According to the structure of shareholders on 31-12-2022

Ownership of the company's shares by the members of the board of directors:

Ownership of the members of the Board of Directors in shares of the company	Number of shares at the date of the financial statements	percentage %
Seif Allah Coutry Saady Hassan Coutry	700,000	0,02%
Ashraf Kamel Moussa Sabry	71,147,911	2,15%
Alpha Oryx Limited	416,728.062	12,60%
Banque Misr	331,942,520	10,04%
Link Hold Co BV	270,344,629	8,17%
Egyptian American Enterprise Fund	289,002,353	8.74%
National Bank of Egypt	206,225,843	6.23%
Black Sparrow Long Term Investments LTD	200,113,840	6.05%
Responsability Participatrions AG	162,102,903	4,90%
Magda Raafat Gendy Habib	7,904,105	0.24%
Total ownership of board members	1,539,900,832	46.56%

* According to the structure of shareholders on 31-12-2022

Treasury Shares of the company: None

Board of directors:

The last Board composition of directors:

	Member name	Position	Title (executive/non-executive/independent)	Representing
1	Seif Allah Coutry Saady Hassan Coutry	Chairman of the board of directors	Non-executive Member	-
2	Ashraf Kamel Moussa Sabry	Managing Director and CEO	Executive Member	-
3	Ashraf Mahmoud Abbas Zaki	Board member	Non-executive Member	Egyptian American Enterprise Fund
4	Hedi Ben Melouka	Board member	Non-executive Member	Black Sparrow Long Term Investments LTD
5	Michael Fiebig	Board member	Non-executive Member	Responsibility Participations AG
6	Babatunde Soyoye	Board member	Non-executive Member	Link Hold Co B.V.
7	Shehab Ezzat Abdelrahman Zidan	Board member	Non-executive Member	Banque Misr
8	Sherif Hussein Safwat Mohamed Tolba	Board member	Non-executive Member	National Bank of Egypt
9	Hussein Hassan Choukri	Board member	Non-executive/ independent	-
10	Moataz Mohamed Hashem Tabaa	Board member	Non-executive/ independent	-
11	Magda Raafat Gendy Habib	Board member	Non-executive/ non-independent	-
12	Aziz Moolji	Board member	Non-executive	Alpha Oryx Limited
13	Ahmed Al Tanani	Board member	Non-executive	Alpha Oryx Limited

The amendments of the Board of Directors that have been added last year:

- **Adding two new Board members to the Company's Board of Directors who are:** Mr. Aziz Moolji and Mr. Ahmed Al Tanani representatives of Alpha Oryx Limited, at the Ordinary General Assembly held on 20/7/2022.
- **Board of directors' meetings:** The company's Board of directors met 7 times during 2022.

1. Audit & Risk Committee

The audit committee was reconstituted in accordance with the Board of Directors decision issued on October 20, 2022 to become the audit and Risk Committee and the committee was formed as follows:

The last Audit & Risk Committee composition

	Member Name	Title (executive/non-executive/independent)	Title (Committee)	Representing
1	Hussein Hassan Choukri	Non-executive/ independent	Chairman of the committee	Himself
2	Seif Allah Coutry Saady Hassan Coutry	Non-executive/Non- independent	Committee Member	Himself
3	Moataz Mohamed Hashem Tabaa	Non-executive/ independent	Committee Member	Himself
4	Rafi Aziz Qasem	Non-executive/ independent	Committee Member	Herself

The committee's terms and responsibilities include:

An Audit and Risk Committee comprising of Four non-executive Board Members including three independent members who possess the necessary experience to ensure achieving the desired balance in ability, knowledge, and adequate familiarity with financial topics and the field of audit and accounting in accordance with the size of the company.

The committee's responsibilities include:

- Reviewing the company's internal control system and developing a written report on its opinion and recommendations in this regard.
- Reviewing the financial statements before submitting them to the Board of Directors and giving its opinion and recommendations in this regard.
- Reviewing the accounting principles used and expressing its opinion and recommendations regarding them.
- Recommending to the Board of Directors to appoint one or more auditors for the company, outlining the needed qualifications, competence, and independence. The decision to appoint auditors and determine their remuneration is the responsibility of the company's Ordinary General Assembly.
- Reviewing and commenting on the auditor's audit plan.
- Reviewing the auditor's notes and recommendations on the financial and other statements contained in the management letter received from the auditor and following up on the actions taken in their regard.
- Ensuring the company's commitment to follow the internal and external systems, regulations and laws in accordance with the reports submitted to it by the Compliance Department or other concerned departments.
- Recommending approval for the auditor to carry out additional duties other than auditing the accounts, and recommending approval of the auditor's remuneration for these operations in proportion to the annual remuneration.

- Discussing and approving the annual plan of the Internal Audit Department, following up on its efficiency, and ensuring that it includes all the company's departments and activities.
- Reviewing the internal audit reports, identifying the company's shortcomings and their reasons, and following up on the corrective actions.
- Reviewing and evaluating the company's early warning system and suggesting what is needed to effectively improve and implement it.
- Reviewing and evaluating security systems, information, and data, and how to protect them from any internal or external penetrations.
- Reviewing the observations or violations received from the regulatory authorities and following up on the subsequent measures.
- Inviting the company's auditor, head of the internal Audit Department, or whoever deemed appropriate from within or outside the company to attend its meetings whenever the need arises.
- Implementing and following up on any other tasks assigned by the Board of Directors.

The workflow of Audit and risk committee during year:

Number of meetings of the audit committee	4
Have the committee's Reports been presented to the company's Board of directors	Yes
Did the committee's reports include substantive observations that should have been addressed	No
Has the board of directors processed the material observations	There were no substantive observations in the report of the audit committee

2. Compliance & Governance Committee

	Member Name	Title (executive/non-executive/independent)	Title (Committee)	Representing
1	Seif Allah Coutry Saady Hassan Coutry	Non-executive/Non-independent	Chairman of the committee	Himself
2	Hussein Hassan Choukri	Non-executive/ independent	Committee Member	Himself
3	Moataz Mohamed Hashem Tabaa	Non-executive/ independent	Committee Member	Himself
4	Sherif Safwat	Non-executive/Non-independent	Committee Member	National Bank of Egypt
5	Shehab Ezzat Zeidan	Non-executive/Non-independent	Committee Member	Banque Misr

3. Remuneration and Nominations Committee

	Member Name	Title (executive/non-executive/independent)	Title (Committee)	Representing
1	Hussein Hassan Choukri	Non-executive/ independent	Chairman of the committee	Himself
2	Ashraf Kamel Moussa Sabry	Non-executive/Non- independent	Committee Member	Himself
3	Seif Allah Coutry Saady Hassan Coutry	Non-executive/Non- independent	Committee Member	Himself
4	Moataz Mohamed Hashem Tabaa	Non-executive/ independent	Committee Member	Himself
5	Ashraf Mahmoud Abbas Zaki	Non-executive/Non- independent	Committee Member	Egyptian American Enterprise Fund
6	Magda Raafat Gendy Habib	Non-executive/experienced	Committee Member	Herself

4. The Employee Stock Option (ESOP) Committee

	Member Name	Title (executive/non-executive/independent)	Title (Committee)	Representing
1	Seif Allah Coutry Saady Hassan Coutry	Non-executive/Non- independent	Chairman of the committee	Himself
2	Hussein Hassan Choukri	Non-executive/ - independent	Committee Member	Himself
3	Moataz Mohamed Hashem Tabaa	Non-executive/ independent	Committee Member	Himself
4	Ashraf Mahmoud Abbas Zaki	Non-executive/Non- independent	Committee Member	Egyptian American Enterprise Fund
5	Magda Raafat Gendy Habib	Non-executive/experienced	Committee Member	Herself

5. Investment Committee

	Member Name	Title (executive/non-executive/independent)	Title (Committee)	Representing
1	Ashraf Kamel Moussa Sabry	executive/Non-independent	Chairman of the committee	Himself
2	Ashraf Mahmoud Abbas Zaki	Non-executive/Non-independent	Committee Member	Egyptian American Enterprise Fund
3	Magda Raafat Gendy Habib	Non-executive/experienced	Committee Member	Herself

- Data of the company's Employees:**

The average number of employees in the company during the year	3,354
Average earnings of employees during the year	94,087

The Employee and managers Stock Option (ESOP) program: Yes

Total shares available according to the employee and managers Stock Option (ESOP) program	3% of the total number of company shares
The total amount awarded from the employee and managers Stock Option (ESOP) program during the year	0.95 % of the company's total shares
The number of beneficiaries of the employee and managers Stock Option (ESOP) program	120
The total amount awarded from the employee and managers Stock Option (ESOP) program since the application of the program	0.95 % of the company's total shares

Violations and procedures related to the capital market law and registration rules:

Violation of the provisions of Article 40 of the rules of registration and write-off of securities and the payment of the values of the two violations.

A statement of the details of the transactions that took place with the related parties:

- a loan has been signed from the Egyptian American fund (related party) starting from November 2020 for a period of three years from the date of the beginning of the loan is repaid in two instalments, the first payment is due two years after the date of signing the contract and the second instalment is due a year after the first payment and the parties agreed to calculate monthly interest at a fixed annual rate of return to be paid every six months.

- a medium-term loan contract for a period of 18 months was signed with Banque Misr (a related party) on March 22, 2021 in the amount of EGP 150 million at a market rate of return allocated to be used to finance the company's ongoing activity in order to finance the company's activity in the form of micro-loans in accordance with the regulations of the Financial Supervisory Authority.

The company's contribution during the year to community development and environmental conservation:

In order to participate in the development of society and the preservation of the environment, Fawry company has made many contributions, including:

- **Children's donation initiative**
Ruqayya, Celine, Farida, Alia, Abdullah, Zainab Nabil, Malik Hisham, Kian, Mohammed Alawa, Mahmoud Ezzat, Mohammed Sharif, Mohammed, Ahmed Alaa and Nour Hazem.
- **Iftar fasting campaign initiative**
Fawry has partnered with the Food Bank in a fasting breakfast campaign worth 150 pounds to be spent with food products from merchants through a service code that Fawry has allocated for this campaign.
- **Charity card initiative**
Fawry company has partnered with the Food Bank in the charity Card Campaign, which relies on providing Ramadan cartoons through a house purchase voucher printed from all Fawry machines with different financial values that are cashed from the store with food products.
- **The instrument of sacrifice initiative**
- **Hospital Rescue Initiative 57357**

Other points:

- 1. The general condition of the company, the result of the business and its future.**
According to the company's annual business results, the company achieves annual growth in accordance with the company's strategic vision for growth.
- 2. Proposed dividends to be distributed to shareholders**
Non-distribution of profits to shareholders.
- 3. suggestions for switching to precautions**
The company forms a legal reserve in accordance with law 159 of year 81 and its executive regulations and in accordance with the company's articles of association at a rate of 5% of Net Profit after taxes.
- 4. The main activities of the company and its subsidiaries and any change in the ownership of subsidiaries during the year.**

Fawry for Banking and Payment Technology Services

- Providing specialized operating services for ICT systems.
- Management, operation and maintenance of computer equipment and networks, internal systems of banks, networks and mainframe computers.

- Development of operating systems for banking services through the internet and telephone, provision of electronic payment services and circulation of secured documents electronically.

Subsidiaries	Purpose of the Company	Contribution percentage in 31- 12- 2021	Contribution percentage in 31- 12-2022
Fawry Integrated system	Providing specialized operations services in systems, communications, management, operation and maintenance of equipment and computer networks services	99.99%	99.99%
Fawry Dahab for electronic services	Providing specialized operations services in systems, communications, management, operation and maintenance of equipment network services, computers and electronic financial payments through the group.	37.11%	37.11%
Fawry Microfinance	Microfinance activities	99.80%	99.80%
Fawry Insurance brokerage	Insurance brokerage	90%	90%
Fawry for FMCG Services	Providing electronic payment services, invoice collection, secure document handling services through the internet for consumer and pharmaceutical goods companies, advertising, e-marketing, online commercial brokerage, e-commerce online, marketing of goods and services, providing consulting and financial solutions	51%	51%
Fawry plus for Banking Services	Providing electronic payment services and electronic circulation of secured documents	60.46%	60.46%
Fawry Gulf	Free zone – United Arab Emirates	75%	75%
Dirac System	Is a regional service provider offering advanced solutions and strategic business software services, which support digital transformation in business organizations, especially for planning	-	51.2%

The current value of assets, if the book value is significantly different from the current market: None

5- Profit volume ratio and the net profit or loss is distributed over the various main activities of the company:

	Sector revenues EGP		Profits / (losses) sector EGP	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Banking and electronic payment technology Sector	2,028,302,602	1,521,221,960	390,859,225	294,881,824
Microfinance Sector	251,032,572	136,934,717	53,683,723	26,562,922
Total	2,279,335,174	1,658,156,677	444,542,948	321,444,746
Total Net profit for the year before taxes			444,542,948	321,444,746
Burden of taxation			(117,487,788)	(79,322,663)
Net profit for the year after taxes			327,055,160	242,122,083

6. Export volume: None

7. Statement of contributions

- **The foundation of the Egyptian Food Bank:** 200 thousand pounds
- **Misr El Kheer Foundation:** 100 thousand pounds

8. Statement of shares issued during the year:

- The authorized capital of the company was increased to 3 billion pounds (three billion Egyptian pounds), through the Extraordinary General Assembly held on March 3, 2022.
- On May 26, 2022, a board meeting of the company was held and the issued and paid-up capital was increased from 853,652,060 million Egyptian pounds to 1,653,652,060 million Egyptian pounds (one billion six hundred and fifty-three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed over 3,307,304,120 shares (three billion three hundred and seven million three hundred and four thousand and twenty shares) nominal cash, the value of each share (fifty piasters). The capital was fully repaid and the increase was made through the Cairo bank licensed to receive the subscription.

Managing Director and CEO

Ashraf Kamel Moussa Sabry