Fawry for Banking Technology and Electronic Payments

(S.A.E.)

Consolidated financial statements

Together with the auditor's Report

For the year Ended

December 31, 2023

Saleh, Barsoum & Abdel Aziz
Grant Thornton

Saleh, Barsoum & Abdel Aziz
Nile City South Tower,
6th floor
2005A Cornish El Nil,
Ramlet Boulaq, Cairo, 11221
Egypt

T +20 (0) 2 246 199 09

Translation of Auditor's Report
Originally Issued in Arabic

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the consolidated statement of financial position as of December 31, 2023 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

Saleh, Barsoum & Abdel Aziz
Grant Thornton

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fawry for Banking Technology and Electronic Payments as of December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and related Egyptian laws and regulations.

Cairo, 4 March 2024

K. Saleh

Kamel Magdy Saleh FCA,
FESAA (R.A.A. 8510)
FRA Register No. "69"
Saleh, Barsoum & Abdel Aziz – Grant Thornton

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

Translation of financial statements
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of Financial Position
As of December 31, 2023

EGP	Note No.	December 31, 2023	December 31, 2022
Assets			
Non-current assets			
Fixed assets	(6)	873 824 906	713 292 760
Intangible assets	(7)	606 237 569	378 162 349
Projects under construction	(8)	74 861 241	35 615 801
Goodwill	(9)	32 771 437	32 771 437
Deferred tax assets	(38)	52 668 674	38 823 508
Loans and facilities to customers - non current	(14)	231 244 380	173 742 513
Investments in associate and joint ventures	(11)	30 894 057	8 873 084
Investments at fair value through OCI	(19)	40 047 247	38 505 101
Investments at fair value through P&L	(10)	32 996 450	2 665 125
Total non-current assets		**1 975 545 961**	**1 422 451 678**
Current assets			
Inventory	(12)	8 415 536	3 198 362
Accounts and notes receivable	(13)	37 973 445	37 820 433
Loans and facilities to customers - current	(14)	920 552 076	557 537 938
Advances to billers		540 600 371	498 083 700
Debtors and other debit balances	(15)	370 125 711	195 022 204
Due from related parties	(16)	402 326	1 499 172
Investments at fair value through P&L	(10)	16 732 250	13 318 250
Treasury bills	(17)	2 342 600 551	1 482 137 081
Cash and cash at banks	(18)	2 758 635 418	2 212 689 088
Total current assets		**6 996 037 684**	**5 001 306 228**
Total assets		**8 971 583 645**	**6 423 757 906**
Equity and liabilities			
Equity			
Issued and paid-up capital	(20)	1 703 261 622	1 653 652 060
Legal reserve		62 039 050	53 150 023
Employee stock ownership shares		(43 170 059)	
Reserve for employee stock ownership plan (ESOP)	(47)	198 552 525	151 513 185
Combination reserve		11 745 574	11 745 574
Compulsory reserve for EAS 47 Application Risk	(21)	-	2 612 539
Shares issuance expenses reserve		-	(5 818 102)
Revaluation reserve for Investments at fair value through OCI	(19)	(12 252 854)	(13 795 000)
Retained earnings		1 396 481 410	624 603 518
Total equity for the parent company		**3 316 657 268**	**2 477 663 797**
Non controlling interest		153 191 364	117 581 137
Total equity		**3 469 848 632**	**2 595 244 934**
Non-Current Liability			
Deferred tax liability	(38)	32 086 528	21 270 610
Long term loans	(39)	147 535 732	24 916 596
Lease Liabilities	(40)	110 917 370	98 145 388
Total Non-current liabilities		**290 539 630**	**144 332 594**
Current liabilities			
Provisions	(22)	59 762 705	42 084 144
Banks overdraft	(23)	158 290 410	249 367 926
Short term loans	(39)	363 478 866	254 400 230
Accounts and notes payable	(24)	110 156 483	66 885 070
Accounts and notes payable– billers	(25)	2 427 822 504	1 910 065 835
Merchants advances		1 445 685 555	627 873 978
Retailer's POS security deposits		100 810 102	76 121 037
Creditors and other credit balances	(26)	325 187 742	348 763 721
Lease Liabilities	(40)	33 604 441	27 973 117
Current income tax		186 396 575	80 645 320
Total current liabilities		**5 211 195 383**	**3 684 180 378**
Total equity and liabilities		**8 971 583 645**	**6 423 757 906**

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

Chief Financial Officer **Chief Executive Officer** **Chairman**

Auditor's report attached.

Translation of financial statements
Originally issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated Statement of Profit or Loss
For the year ended December 31, 2023

EGP	Note No.	December 31, 2023	December 31, 2022
Operating revenues	(28)	3 272 016 083	2 279 335 174
Less:			
Operating costs	(29)	(1 210 193 626)	(918 106 893)
Gross margin		2 061 822 457	1 361 228 281
Add (Less):			
General and administrative expenses	(30)	(758 592 564)	(567 883 468)
Selling and marketing expenses	(31)	(480 982 338)	(385 919 177)
Employee stock ownership plan expenses (ESOP)	(47)	(105 986 256)	(99 115 167)
Board of directors allowances		(7 988 000)	(5 024 064)
Social contribution for Health and insurance		(11 599 755)	(7 745 989)
Provisions formed	(22)	(36 549 258)	(16 638 949)
Impairement loss on customer loans	(14)	(49 738 948)	(29 509 883)
Expected credit loss		(13 612 074)	(1 674 415)
Revaluation gain of Investments at fair value through P&L	(10)	2 928 739	983 375
Credit interest	(32)	464 413 386	211 071 914
Finance costs	(33)	(40 214 267)	(42 118 143)
Foreign currency exchange gain		11 777 126	17 890 257
Gain on disposal of fixed assets		20 182 173	8 568 303
Other revenues	(35)	9 875 625	4 036 996
Operating Profit		1 065 736 046	448 149 871
Group's share in losses of investments in associates and joint ventures	(37)	(964 100)	(3 606 922)
Effect of change from investment in associate		29 850 000	--
Profit of the year before tax		1 094 621 946	444 542 949
Current income and deferred tax	(38)	(278 653 009)	(117 487 788)
Net profit for the year after tax		**815 968 937**	**327 055 161**
Distributed as follows:			
Net profit for the parent company		715 338 691	240 054 320
Net profit for the non controlling interest		100 630 246	87 000 841
Net profit for the year after tax		**815 968 937**	**327 055 161**
Earnings per share - basic (EGP/share)	(43)	**0.18**	**0.08**
Earnings per share - diluted (EGP/share)	(43)	**0.18**	**0.08**

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

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

Consolidated statement of comprehensive income

For the year ended December 31, 2023

EGP		December 31, 2023	December 31, 2022
Profit for the year		815 968 937	327 055 161
Other comprehensive income		--	--
Revaluation reserve for Investments at fair value through OCI	(19)	1 542 146	(13 795 000)
Total other comprehensive income		1 542 146	(13 795 000)
Total comprehensive income for the year		817 511 083	313 260 161
Distributed as follows:			
Comprehensive income for the parent company		716 880 837	226 259 320
Comprehensive income for the non controlling interest		100 630 246	87 000 841
Total comprehensive income for the year		817 511 083	313 260 161

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

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of changes in equity
For the year ended December 31, 2023

EGP	Issued and paid up capital	Legal reserve	Employee stock ownership plan	Reserve for employee stock ownership plan (ESOP)	Combination reserve	Compulsory reserve for EAS 47 Application Risk	Shares issuance expenses reserve	Revaluation reserve for investments at fair value through OCI statement	Retained earnings	Total equity of the parent	Non controlling interest	Total
Balance as of January 1, 2022	853 652 060	47 129 042	--	52 398 017	11 745 574	2 612 539	(2 835 763)	--	414 309 089	1 379 010 558	79 008 776	1 458 019 334
Comprehensive income items												
Net profit for the year	--	--	--	--	--	--	--	--	240 054 320	240 054 320	87 000 841	327 055 161
Revaluation reserve for investments at fair value through OCI	--	--	--	--	--	--	--	(13 795 000)	--	(13 795 000)	--	(13 795 000)
Total comprehensive income	--	--	--	--	--	--	--	(13 795 000)	240 054 320	226 259 320	87 000 841	313 260 161
The company's shareholders transactions												
Transferred to legal reserve	--	6 020 981	--	--	--	--	--	--	(6 020 981)	--	--	--
Reserve for employee stock ownership plan (ESOP)	--	--	--	99 115 168	--	--	--	--	--	99 115 168	--	99 115 168
Transferred to R/E From issuance expenses reserve	--	--	--	--	--	--	2 835 763	--	(2 835 763)	--	--	--
Shares issuance expenses	--	--	--	--	--	--	(5 818 102)	--	--	(5 818 102)	--	(5 818 102)
Capital cash increase	800 000 000	--	--	--	--	--	--	--	--	800 000 000	--	800 000 000
Acquisition of subsidiary	--	--	--	--		--	--	--	--	--	4 728 794	4 728 794
Dividend distribution	--	--	--	--	--	--	--	--	(19 267 073)	(19 267 073)	--	(19 267 073)
Non-controlling interest's share from dividends distributed in one of subsidiaries	--	--	--	--	--	--	--	--	(1 636 074)	(1 636 074)	--	(1 636 074)
Non-controlling interest share from the acquisition of subsidiaries	--	--	--	--	--	--	--	--	--	--	(53 157 274)	(53 157 274)
Total Company's shareholders transactions	800 000 000	6 020 981	--	99 115 168	--	--	(2 982 339)	--	(29 759 891)	872 393 919	(48 428 480)	823 965 439
Balance as of December 31, 2022	1 653 652 060	53 150 023	--	151 513 185	11 745 574	2 612 539	(5 818 102)	(13 795 000)	624 603 518	2 477 663 797	117 581 137	2 595 244 934
Balance as of January 1, 2023	1 653 652 060	53 150 023	--	151 513 185	11 745 574	2 612 539	(5 818 102)	(13 795 000)	624 603 518	2 477 663 797	117 581 137	2 595 244 934
Comprehensive income items												
Net profit for the year	--	--	--	--	--	--	--	--	715 338 691	715 338 691	100 630 246	815 968 937
Revaluation reserve for investments at fair value through OCI statement	--	--	--	--	--	--	--	1 542 146	--	1 542 146	--	1 542 146
Total comprehensive income	--	--	--	--	--	--	--	1 542 146	715 338 691	716 880 837	100 630 246	817 511 083
The company's shareholders transactions												
Transferred to legal reserve	--	8 889 027	--	--	--	--	--	--	(8 889 027)	--	--	--
Transferred to retained earnings from Revaluation reserve						(2 612 539)			2 612 539	--		--
Capital increase (Employee stock ownership)	49 609 562	--	(49 609 562)	--	--	--	--	--	--	--	--	--
Exercising for employee stock ownership plan (ESOP)	--	--	6 439 503	(69 330 073)	--	--	--	--	99 217 166	36 326 596	--	36 326 596
Formed for employee stock ownership plan	--	--	--	105 986 256	--	--	--	--	--	105 986 256	--	105 986 256
Effect of defered tax (ESOP)	--	--	--	10 383 157	--	--	--	--	--	10 383 157	--	10 383 157
Transferred to R/E From issuance expenses reserve	--	--	--	--	--	--	5 818 102	--	(5 818 102)	--	--	--
Dividend distribution in subsidiaries	--	--	--	--	--	--	--	--	(2 137 738)	(2 137 738)	(65 020 019)	(67 157 757)
Dividend distribution	--	--	--	--		--	--	--	(28 445 637)	(28 445 637)	--	(28 445 637)
Total Company's shareholders transactions	49 609 562	8 889 027	(43 170 059)	47 039 340	--	(2 612 539)	5 818 102	--	56 539 201	122 112 634	(65 020 019)	57 092 615
Balance as of December 31, 2023	1 703 261 622	62 039 050	(43 170 059)	198 552 525	11 745 574	--	--	(12 252 854)	1 396 481 410	3 316 657 268	153 191 364	3 469 848 632

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

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of cash flows
For the year ended December 31, 2023

EGP	Note	December 31, 2023	December 31, 2022
Cash flows from operating activities:			
Net profit for the year before tax		1 094 621 946	444 542 949
Adjusted by:			
Depreciation and amortization during the year		281 636 216	208 928 833
Provisions formed	(22)	36 549 258	16 638 949
Formed Provisions for financing risk		49 738 948	29 509 880
Expected credit loss		6 058 041	1 674 414
Employee stock ownership plan expenses		105 986 256	99 115 168
Revaluation Gain of Investments at fair value through P&L Statement	(10)	(2 928 739)	(983 375)
Effect of change from investment in associate		(29 850 000)	
Credit interest	(32)	(464 413 386)	(211 071 914)
Share of investments in associate and joint venture losses		964 100	3 606 922
Unrealized foreign currency exchange gain		(11 777 126)	(17 890 257)
Gain on sale of fixed assets		(20 182 173)	(8 568 303)
Finance expenses	(33)	40 214 267	42 118 143
Operating gain before change in working capital		1 086 617 608	607 621 409
Changes in Working capital			
(increase) in inventory		(5 217 174)	(2 900 316)
(increase) in advances to billers		(46 155 535)	(125 403 057)
(increase) in debtors and other debit balances		(162 783 164)	(96 221 635)
(increase) / Decrease in accounts and notes receivable		(251 440)	25 101 207
(increase) in loans to customers		(439 321 243)	(350 043 530)
Decrease in Due from related parties		76 124	201 273
Increase / (Decrease) in accounts and notes payable		43 271 413	(6 803 892)
Increase in accounts payable - billers		517 756 669	894 962 309
Increase in merchants prepaid balances		817 811 576	183 218 343
Increase in retailer's POS security deposits		24 689 065	13 782 235
(Decrease) / Increase in creditors and other credit balances		(23 575 978)	120 036 063
Provision and loans customers used		(49 804 407)	(6 985 447)
Net Changes in working capital		**1 763 113 514**	**1 256 564 962**
Income tax paid		(165 592 726)	(105 494 943)
Proceeds from credit interest		400 576 162	160 301 922
Net cash provided from operating activities		**1 998 096 950**	**1 311 371 941**
Cash flows from investing activities			
(Payments) to acquire fixed assets		(339 156 411)	(254 848 596)
(Payments) to acquire intangible assets		(261 287 659)	(127 345 439)
(Payments) for projects under construction		(72 116 849)	(84 267 989)
Proceeds from sale of fixed assets		30 522 847	23 726 669
Cash proceeds from acquisition of subsidiary		--	(2 139 024)
Payments to acquire investment in associate and joint venture		(22 985 073)	(8 438 717)
(Payments) for investments at fair value through OCI		--	(22 928 125)
(Payments) for investments at fair value through P&L		(966 586)	(15 000 000)
Net movement of treasury bills - more than three months		(425 873 302)	253 212 500
Net cash flows (used in) investing activities		**(1 091 863 033)**	**(238 028 721)**
Cash flows from financing activities			
Proceeds from capital increase		--	800 000 000
Exercising for employee stock ownership plan (ESOP)		36 326 596	--
Dividends Paid		(95 603 394)	(74 442 106)
Net proceeds from loans		231 697 771	65 738 209
Net Proceeds from bank overdrafts		(91 077 516)	(181 856 807)
(Payments) for lease liabilities		(29 862 300)	(27 104 632)
Finance expenses paid		(40 214 267)	(42 118 143)
Net cash generated from financing activities		**11 266 890**	**540 216 521**
Net change in cash and cash equivalents during the year		917 500 807	1 613 559 741
Cash and cash equivalents at beginning of the year		2 784 886 969	1 153 436 971
Exchange rate changes on cash and cash equivalents		11 777 126	17 890 257
Cash and cash equivalents at end of the year	(18)	**3 714 164 902**	**2 784 886 969**

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

1. General information

Fawry for Banking Technology and Electronic Payments S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation and was registered at the Commercial Register under No. 33258 on June 26, 2008 the Commercial Register was changed to No. 50840 in March 2011. The company has been re-registered at the 6th of October's Commercial Register under No. 1333 on July 19, 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management,operating and maintenance of equipment's and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, and renting properties, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the Group is twenty-five years from the Commercial Register date.

The Consolidated financial statements of the company were approved in the board of directors meeting dated March 4, 2024.

2. Statement of compliance

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

3. Basis of preparation of the Consolidated financial statements

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

4. Critical accounting judgments and key sources of uncertain estimations

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

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

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

5. Significant accounting policies

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

a. Basis of consolidation

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

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

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interest are either measured at fair value or at another basis specified in the Egyptian Accounting Standards that is applicable to it.

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

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

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

a) **Business combination**

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

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

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

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

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

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

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

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

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

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

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

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

b) **Foreign currencies**

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

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

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

c) **Investments in associates and joint venture entities**

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

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

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

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

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

	Country of Domicile	Direct Ownership %	Indirect Ownership %
Associate:			
Tazcara for information technology and electronic booking	Egypt	20%	--
Roaderz for smart application	Egypt	19.4%	--
Egy-Insurtech for electronic application	Egypt	--	7.4%
Codezone	Egypt	%28.58	--
Joint Venture:			
Waffarha.Com	Egypt	30%	--

b. **Fixed assets and depreciation**

Fixed assets are stated in the Consolidation financial position at historical cost, less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less impairment.

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

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

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

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

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

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

c. **Intangible assets**

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

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

Internally generated intangible assets

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

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

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

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

Goodwill

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

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

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

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

Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

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

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

d. Revenues recognition and measurement

Applications sales revenues

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

Services

The revenue of rendered services is recognized as follows:

Transactions sales revenues

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

Subscription revenues

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

Interest revenues

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

Investment revenues

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

e. Operational costs

Operational costs include cash collection costs paid to multiple payment channels through which payments were made, including (merchants, banks, Egyptian Post Office, and several other authorities)

and this is in accordance with executed contracts with each party separately. Operational costs also include the cost of applications sold, and the consumables of materials.
Operational costs are charged by the transaction's share of direct depreciation and amortization in accordance to transaction share basis compared to the estimated normal capacity, and if the normal capacity is not reached, the differences are charged to depreciation and amortization as part of general and administrative expenses.

f. **Lease Contracts**

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

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

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

Initial measurement of lease liability:

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

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

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

Subsequent measurement of lease liability:

The lease liability is subsequently measured as follows:

a. Increase the carrying amount to reflect interest on the lease liability

b. Reducing the carrying amount to reflect the lease payments made.

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

Initial measurement of Right of use assets

The cost of right-of-use assets include:

a. The initial measurement of the corresponding lease liability at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate stated in the contract if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional borrowings.

b. Lease payments made at or before the start day

c. Any initial direct costs

d. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Subsequent measurement of Right of use assets

Right of use assets are subsequently measured at cost less:

a. Accumulated depreciation and impairment losses.

b. Any amounts resulting from revaluation of lease liability

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

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

Sale and lease back transactions

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

g. Inventory

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

h. Taxation

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

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

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

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

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

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

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

i. **Legal reserve**

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

j. **Cash and cash equivalents**

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

k. **Provisions**

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

l. **The consolidated cash flows statement**

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

m. **Share - based payments**

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

n. **Short-term employee benefits**

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

o. **Impairment of assets**

Impairment of non-financial assets

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

p. **Financial instruments**

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

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

Financial assets

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

A. Classification of financial assets

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

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

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

B. Effective interest method

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

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

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

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

Debt instruments - which do not meet the conditions of amortized cost - are measured at fair value through profit or loss, and debt instruments that meet the conditions of amortized cost - however the Company chooses to classify them at fair value through profit or loss - are also measured at fair value through profits or losses.

A debt instrument may be classified upon initial recognition at fair value through profit or loss if that classification eliminates or significantly reduces a measurement or recognition inconsistency that may arise from the use of different bases in measuring assets or liabilities or in recognizing the resulting gains or losses.

The Company has not classified any debt instrument at fair value through profit or loss.

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

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

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

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

E. Impairment of financial assets

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

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

F. Derecognition of financial assets

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

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

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

Financial liabilities and equity instruments

A. Classification as debt or equity

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

B. Equity instruments

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

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

a) The instrument includes no contractual obligation:

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

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

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

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

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

C. Financial liabilities

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

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

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

All other financial liabilities are classified as non-current.

D. Derecognition of financial liabilities

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

q. Effective interest method

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

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

r. Amortized cost and total book value

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

s. Calculating interest income and expenses

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

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

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

t. **Government Grants**

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

6. Fixed assets - Net

EGP	Land	Building	Networks and Servers	Point of sales machines	Computers	Furnitures and Office Equipment super fawry and cash counting machines	Leasehold Improvements and fawry stores	Vehicles	Right of use assets	Total
Cost										
As of January 1, 2022	52 490 500	111 359 500	108 680 571	353 035 198	71 893 873	18 738 802	51 727 193	149 300	109 653 830	877 728 767
Impact of acquisition of subsidiaries - net cost	--	--	--	--	903 667	--	--	--	--	903 667
Additions during the year	--	22 690 855	37 589 777	183 604 946	14 714 577	15 897 614	31 073 192	732 421	51 986 698	358 290 080
Disposals	--	--	--	(27 281 745)	--	(1 059 222)	--	--	(4 283 176)	(32 624 143)
As of December 31, 2022	52 490 500	134 050 355	146 270 348	509 358 399	87 512 117	33 577 194	82 800 385	881 721	157 357 352	1 204 298 371
Additions during the year	--	--	55 176 212	238 093 310	22 805 601	1 891 737	23 729 135	--	48 265 606	389 961 601
Disposals	--	--	--	(46 489 771)	--	--	--	--	(2 305 994)	(48 795 765)
As of December 31, 2023	52 490 500	134 050 355	201 446 560	700 961 938	110 317 718	35 468 931	106 529 520	881 721	203 316 964	1 545 464 207
Accumulated depreciation										
As of December 31, 2022	--	5 665 813	70 564 409	176 949 743	35 952 433	11 312 515	20 427 621	149 298	21 427 622	342 449 454
Depreciation for the year	--	3 064 656	27 282 952	73 814 777	13 059 056	4 662 305	14 251 770	12 207	29 874 209	166 021 932
Depreciation of disposals	--	--	--	(15 778 534)	--	(262 518)	--	--	(1 424 723)	(17 465 775)
As of December 31, 2022	--	8 730 469	97 847 361	234 985 986	49 011 489	15 712 302	34 679 391	161 505	49 877 108	491 005 611
Depreciation for the year	--	3 351 259	33 349 281	109 710 350	15 629 602	5 932 275	14 415 387	--	35 703 797	218 091 951
Depreciation of disposals	--	--	--	(36 149 097)	--	--	--	--	(1 309 164)	(37 458 261)
As of December 31, 2023	--	12 081 728	131 196 642	308 547 239	64 641 091	21 644 577	49 094 778	161 505	84 271 741	671 639 301
Net book value										
As of December 31, 2023	52 490 500	121 968 627	70 249 918	392 414 699	45 676 627	13 824 354	57 434 742	720 216	119 045 223	873 824 906
As of December 31, 2022	52 490 500	125 319 886	48 422 987	274 372 413	38 500 628	17 864 892	48 120 994	720 216	107 480 244	713 292 760

7. Intangible assets

EGP	licenses	Programs	Contractual relationship with clients	Customer List	Trademark	Total
Cost						
As of January 1, 2022	64 996 809	282 310 248	6 270 000	553 000	19 070 000	373 200 057
Additions during the year	18 654 272	121 452 400	--	--	--	140 106 672
Acquisition of subsidiaries	--	5 182 239	--	--	--	5 182 239
As of December 31, 2022	83 651 081	408 944 887	6 270 000	553 000	19 070 000	518 488 968
Additions during the year	34 778 946	256 828 298	--	--	--	291 607 244
As of December 31, 2023	118 430 027	665 773 185	6 270 000	553 000	19 070 000	810 096 212
Accumulated amortization						
As of January 1, 2022	17 532 335	77 995 402	531 815	88 833	1 271 333	97 419 718
Amortization for the year	5 463 562	35 551 358	531 815	88 833	1 271 333	42 906 901
As of December 31, 2022	22 995 897	113 546 760	1 063 630	177 666	2 542 666	140 326 619
Amortization for the year	8 590 915	53 637 396	531 815	88 833	683 065	63 532 024
As of December 31, 2023	31 586 812	167 184 156	1 595 445	266 499	3 225 731	203 858 643
Net Book value As of December 31, 2023	86 843 215	498 589 029	4 674 555	286 501	15 844 269	606 237 569
Net Book value As of December 31, 2022	60 655 184	295 398 127	5 206 370	375 334	16 527 334	378 162 349

8. Projects under construction

EGP	December 31, 2023	December 31, 2022
Software and program licenses	3 059 393	33 489 312
Advances payments to purchase fixed assets	71 801 848	2 126 489
Total	74 861 241	35 615 801

9. Goodwill

EGP	December 31, 2023	December 31, 2022
Fawry Plus	24 732 978	24 732 978
Dirac for information systems	8 038 459	8 038 459
Total	32 771 437	32 771 437

10. Investment at fair value through profit/loss statement

EGP	December 31, 2023	December 31, 2022
Fawry Misr Capital Fund- non-current	3 146 450	2 665 125
Fawry Misr Capital Fund -current	16 732 250	13 318 250
Bosta company-non-current	29 850 000	--
Total	**49 728 700**	**15 983 375**

During the year, Bosta Company increased its capital and this increase resulted a Decrease in Fawry group investment share. Therefore, Fawry group would not have to represent on the board of directors of Bosta company. So, the investment was classified as investment at fair value through profit or loss statement, and this change in investment ownership structure resulted a profit by 29.8 million Egyptian pounds.

11. Investment in associates and Joint venture

EGP	Type of investment	Owner ship	December 31, 2023	December 31, 2022
Roaderz for smart applications	Associate	19.4%	2 414 625	4 887 991
EGY Insure-tech	Associate	7.4%	5 609 754	2 618 775
Waffarha.com	Joint venture	30%	2 869 678	1 366 318
Codezone*	Associate	28.58%	20 000 000	--
Tazcara for information technology	Associate	20%	--	--
			30 894 057	**8 873 084**

* During the fourth quarter of 2023, the company signed a shareholder agreement to invest in Codezone company. The company owns 28.58% and it paid 20 million Egyptian pounds from its share in the investment.

12. Inventory

EGP	December 31, 2023	December 31, 2022
Goods for sale	8 415 536	3 198 362
	8 415 536	**3 198 362**

13. Accounts and notes receivable

EGP	December 31, 2023	December 31, 2022
Accounts receivables- Billers and banks	40 904 860	39 595 961
Notes receivables	--	1 057 459
Less: Expected credit loss	(2 931 415)	(2 832 987)
	37 973 445	**37 820 433**

14. Loans and facilities to customers

EGP	December 31, 2023	December 31, 2022
Loans to customers	1 036 848 733	777 179 311
Less: Customers financing risk provision	(59 315 401)	(45 898 860)
	977 533 332	**731 280 451**
Consumer finance loans	179 651 821	--
Less: Customers financing risk provision	(5 388 697)	--
	174 263 124	--
	1 151 796 456	**731 280 451**

Reclassified as follows:

EGP	December 31, 2023	December 31, 2022
Loans to customers – Short Term	920 552 076	557 537 938
Loans to customers – Long Term	231 244 380	173 742 513
	1 151 796 456	731 280 451

Customers financing risk provision movement represented as follow:

EGP	December 31, 2023	December 31, 2022
Beginning balance	45 898 860	25 985 369
Formed during the year	49 738 948	29 509 883
Used during the year	(30 933 710)	(9 596 392)
Ending balance	64 704 098	45 898 860

15. Debtors and other debit balances

EGP	December 31, 2023	December 31, 2022
Advance payments (Vendors)	10 943 648	2 877 486
Prepaid expenses	50 985 870	13 671 049
Deposits held with others	3 939 372	1 581 090
Value added tax	6 466 640	--
Withholding tax	45 587 469	30 025 500
Other debit balances	68 075 914	31 094 506
Accrued interest – Microfinance portfolio	8 692 255	21 599 633
Custodies	18 910 132	14 874 740
Accrued revenue	159 860 332	81 145 070
Less: Expected credit loss	(3 335 921)	(1 846 870)
	370 125 711	**195 022 204**

16. Due from related parties

EGP	Nature	Account type	December 31, 2023	December 31, 2022
ACIS co.	Associate	Current account	3 000 000	3 000 000
Tazcara Information Technology and Electronic Booking co.	Associate	Current account	1 424 192	1 500 316
Less: Expected credit loss			(4 021 866)	(3 001 144)
			402 326	**1 499 172**

17. Treasury bills

EGP	December 31, 2023	December 31, 2022
Treasury bills- with maturities up to three months	933 650 029	566 978 030
Treasury bills- with maturities after three months	1 295 385 295	869 511 993
Add:		
Accrued interest - with maturities up to three months	27 347 739	6 524 814
Accrued interest - with maturities after three months	114 607 215	50 769 991
Less:		
Tax accrued - with maturities up to three months	(5 468 284)	(1 304 963)
Tax accrued - with maturities after three months	(22 921 443)	(10 153 760)
Less: Expected credit loss	--	(189 024)
Balance	**2 342 600 551**	**1 482 137 081**
Nominal value	**2 439 425 000**	**1 592 975 000**

18. Cash and cash at banks

EGP	December 31, 2023	December 31, 2022
Cash on hand	41 666	59 792
Current bank accounts – local currency *	1 358 338 662	209 461 270
E-Acceptance transactions under settlement	379 358 060	371 326 942
Cash at companies and agents of money collections	476 238 682	888 190 415
Time deposit – local currencies	460 257 330	690 712 506
Time deposit – foreign currencies	61 042 173	48 845 882
Current bank accounts – foreign currencies	31 625 583	4 804 986
Less: Expected credit loss	(8 266 738)	(712 705)
Cash and cash at banks	**2 758 635 418**	**2 212 689 088**

*Bank current accounts with local currencies includes restricted cash amounting to 8.7 million EGP against letter of guarantee Note (27)

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

EGP	December 31, 2023	December 31, 2022
Cash and banks balances	2 758 635 418	2 212 689 088
Treasury bills – less than 3 months	955 529 484	572 197 881
	3 714 164 902	**2 784 886 969**

19. Investments at fair value through OCI statement

The Investments at fair value through other comprehensive income statement are represented in many of start-up companies including Elmenus Co., Brimor Co., Bringer Co. (Dutch company) and maylerz Co., while the change during the year is represented in the company's portion of fair value of and the investments revaluation at fair value on 31 December 2023.

20. Issued and paid-up capital

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

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

On April 13,2023, the general assembly of Fawry Banking Technology decided to increase the company's capital by 49.6 million, and to increase number of shares by 99.2 million shares, and to allocate the increase reward incentive system, so that the issued and paid-up capital become 1 703 261 622 Egyptian pounds distributed over 3 406 523 244 Shares, with nominal value of 0.5 Egyptian pounds, and an entry has been Made in the commercial register on the date of 11 May,2023. And the right has been exercised on 12.8 million shares During the Period.

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

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

22. Provisions

EGP	December 31, 2022	Formed	Used	December 31, 2023
Provision for claims	42 084 144	36 549 258	(18 870 697)	59 762 705
	42 084 144	**36 549 258**	**(18 870 697)**	**59 762 705**

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. Banks Credit Facilities

- On May 2022 an agreement between Fawry for Banking Technology and Electronic Payments and a local banks to provide the company a credit facility with a limit of EGP 150 million at market rate the duration for the credit facility is a year, balance reached EGP 74 million on December 31 2023 (December 31, 2022: EGP 149 million)

- On December 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company a credit facility with a maximum amount of EGP 50 million at market rates, and the balance on December 31, 2023 is Nil (December 31, 2022 is Nil)
- On November 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company facilities of a maximum of EGP 200 million at market rates The credit facility is used to pay the advance payments for billers, and the balance reached EGP 71,000 on December 31, 2023. (December 31, 2022: EGP 50,000).
- On November 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company a credit facility with a maximum amount of EGP 75 million at market rates, and the balance on December 31, 2023 is Nil (December 31, 2022: EGP Nil)
- On September 2021, an agreement between Fawry for Banking Technology and Electronic Payments and a local bank to grant the company a credit facility with a maximum amount of EGP 2 million at market rates, and the balance on December 31, 2022 is Nil (December 31, 2022 is Nil)
- On May 2022, , an agreement between Fawry Microfinance and a local bank during the year to grant the company a credit facility of up to EGP 100 million at a rate of return at the market rate, and the balance on December 31, 2023 reached EGP 83 million. (December 31, 2022: EGP 99 Million)

24. Accounts and notes payable

EGP	December 31, 2023	December 31, 2022
Accounts payable	104 173 738	64 519 495
Notes Payables	5 982 745	2 365 575
	110 156 483	**66 885 070**

25. Accounts payable – Billers

EGP	December 31, 2023	December 31, 2022
Billers payable	2 156 822 504	1 630 065 835
Billers' Notes payable	271 000 000	280 000 000
	2 427 822 504	**1 910 065 835**

26. Creditors and other credit balances

EGP	December 31, 2023	December 31, 2022
Accrued expenses	127 095 246	69 856 207
Accrued interest	1 096 060	5 905 973
Accrued commissions	46 583 705	43 770 602
Unearned revenue	9 208 969	7 730 584
Health insurance contribution	11 314 299	6 486 035
Tax Authority	66 494 702	142 511 479
Social Insurance Authority	7 859 311	10 219 515
Under settlement Transactions	24 157 369	6 678 139
Merchant advances	16 293 263	9 329 520
Other credit balances	15 084 818	46 275 667
	325 187 742	**348 763 721**

27. Contingent liabilities

The contingent liabilities are represented as follows:

EGP	December 31, 2023	December 31, 2022
Letters of guarantee – local currency	1 456 210 000	1 236 500 000
	1 456 210 000	**1 236 500 000**

The total used letter of guarantee facilities amounted to 1.06 Billion Egyptian pounds from banks in the form of letters of guarantee on the date of the Consolidated financial statements.

28. Operating revenues

EGP	December 31, 2023	December 31, 2022
Transactions services revenues- collection fees	2 782 356 513	1 956 320 480
Other revenues	101 423 846	57 114 439
Insurance brokerage commission	20 689 472	14 867 683
Interest revenue Micro finance	367 546 252	251 032 572
	3 272 016 083	**2 279 335 174**

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

EGP	December 31, 2023	December 31, 2022
Total throughput	348 067 723 207	205 329 342 906
	348 067 723 207	**205 329 342 906**

29. Operating costs

EGP	December 31, 2023	December 31, 2022
Merchants' fees	753 367 912	624 842 797
Banks fees	24 996 017	23 371 868
Depreciation and amortization	127 231 667	81 925 511
Cash collection cost	166 415 244	122 242 292
Microfinance and consumer cost	91 054 150	39 660 806
Others	47 128 636	26 063 619
	1 210 193 626	**918 106 893**

30. General and administrative expenses

EGP	December 31, 2023	December 31, 2022
Salaries and Wages	375 651 542	292 748 669
Outsourcing, technical support and services	126 897 477	73 992 351
Depreciation and amortization	154 404 549	127 003 322
Insurance expenses	33 230 290	27 859 565
Premises expenses	16 146 231	13 429 633
Training and Human resource expenses	10 478 005	1 680 837
Professional fees	16 522 034	13 164 778
Other expenses	25 262 436	18 004 313
	758 592 564	**567 883 468**

31. Selling and marketing expenses

EGP	December 31, 2023	December 31, 2022
Salaries and Wages	255 565 866	207 024 392
Selling and marketing commissions	135 135 205	99 585 668
Promotion and advertising expenses	90 281 267	79 309 117
	480 982 338	**385 919 177**

32. Credit Interest

EGP	December 31, 2023	December 31, 2022
Credit interest - current accounts and time deposits	41 235 857	17 374 327
Credit interest – treasury bills	423 177 529	193 697 587
	464 413 386	**211 071 914**

33. Finance costs

EGP	December 31, 2023	December 31, 2022
Debit interest	9 249 208	17 454 932
Bank charges	13 451 962	11 538 982
Lease interest expense	17 513 097	13 124 229
	40 214 267	**42 118 143**

34. Depreciation and amortization

Depreciation and amortization which amounted by 281 636 216 EGP were recognized at statement of profit or loss as follow:

EGP	December 31, 2023	December 31, 2022
Cost	127 231 667	81 925 511
General and administrative	154 404 549	127 003 322
	281 636 216	**208 928 833**

35. Other revenues

EGP	December 31, 2023	December 31, 2022
Other revenues	5 265 614	4 036 996
Bad debt collection	4 610 011	--
	9 875 625	**4 036 996**

36. Significant related parties' transactions

The following are significant related parties' transactions:

EGP	Nature of the relation	Nature of the Transaction	For the Year Ended December 31, 2023
Egyptian American fund	Shareholder	Loans debit interest	(3 870 247)
		Waiver from the fund for bad debts collection	3 273 929
		Loan payment	44 726 071
Bank Misr	Shareholder	Loans to subsidiary	(68 601 897)
		Loans debit interest	(10 249 748)

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

	December 31, 2023	December 31, 2022
Waffarha.com	1 503 360	609 275
Roderz for smart applications	(2 473 366)	(2 013 438)
EGY Insure-tech for electronic applications	5 906	(388 675)
Bosta Co.	--	(1 814 084)
	(964 100)	(3 606 922)

38. Deferred tax

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

Deferred tax liabilities	Beginning balance	Charged to Consolidated profit or loss	Charged to equity	Ending balance
Difference in Fixed assets depreciation and intangible assets amortization	**(12 055 418)**	(6 861 145)	--	**(18 916 563)**
Effect of the initial application of EAS 49	**(4 085 192)**	--	--	**(4 085 192)**
Resulting from restructuring the ownership structure of corporate investments	**(5 130 000)**	--	--	**(5 130 000)**
The impact of change in ownership investment structure from investment in associates	--	(3 954 773)	--	(3 954 773)
Total Deferred tax liabilities	**(21 270 610)**	**(10 815 918)**	--	**(32 086 528)**
Deferred tax Assets				
Losses on the revaluation of investments at fair value through OCI	4 005 000	--	--	4 005 000
Employee shares grant	32 411 338	(631 253)	10 383 157	42 163 242
Difference in Fixed assets depreciation and intangible assets amortization	--	1 679 128	--	1 679 128
Intangible assets	2 407 170	2 414 134	--	4 821 304
Total Deferred tax Assets	**38 823 508**	**3 462 009**	10 383 157	**52 668 674**

39. Loans

EGP	payments Due within year	payments Due after a year	balance as of December 31, 2023
A medium term loan for 18 months with Bank Misr (related Party) with the aim of financing the company's activities by 150 Million Egyptian pounds	49 654 563	18 946 327	68 600 890
A loan contract with a bank with the aim of financing the company's activity with a maximum limit of 150 million Egyptian pounds	113 255 370	16 077 222	129 332 592
A loan contract with a bank with the aim of financing the company's activity with a maximum limit of 50 million Egyptian pounds	41 867 303	1 479 942	43 347 245
A credit facility contract with the aim of financing the company's activity with a maximum limit of 110 million Egyptian pounds.	73 427 128	29 103 607	102 530 735
A loan contract with a bank with the aim of financing the company's activity with a maximum limit of 100 million Egyptian pounds.	45 495 002	45 464 093	90 959 095
A loan contract with a bank with maximum limit of 80 million Egyptian pounds.	39 779 500	36 464 541	76 244 041
Total loans balance December 31, 2023	363 478 866	147 535 732	511 014 598

40. Lease liabilities

EGP	December 31, 2023	December 31, 2022
Headquarters and branches		
Non- current liabilities	110 917 370	98 145 388
Current liabilities	33 604 441	27 973 117
	144 521 811	**126 118 505**
Maturity Analysis		
Less than 1 year	33 604 441	27 973 117
More than a year and less than five years	107 168 844	92 690 388
More than five years	3 748 526	5 455 000
	144 521 811	**126 118 505**

41. Operating costs and expenses according to nature

EGP	December 31, 2023	December 31, 2022
Merchant's and bank commissions	778 363 930	648 214 665
Selling and marketing commissions	135 135 205	99 585 668
Other cost	47 128 636	26 063 619
Depreciation and amortization	281 636 216	208 928 833
Cost of cash collections	166 415 244	122 242 292
Micro finance contract expenses	91 054 150	39 660 806
Salaries and wages	631 217 408	499 773 061
Outsourcing, technical support and services	126 897 477	73 992 351
Selling and marketing expenses	90 281 267	79 309 117
Bank charges	13 451 962	11 538 982
Debit interest	26 762 304	30 579 161
Insurance expenses	33 230 290	27 859 565
Premises expenses	16 146 231	13 429 633
Training and Human resource expenses	10 478 005	1 680 837
Professional fees	16 522 034	13 164 778
Others	25 262 436	18 004 313
	2 489 982 795	**1 914 027 681**
Operating costs	1 210 193 626	918 106 893
General and administrative expenses	758 592 564	567 883 468
Selling and marketing expenses	480 982 338	385 919 177
Finance expenses	40 214 267	42 118 143
	2 489 982 795	**1 914 027 681**

42. Segment information

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

The accounting policies of the reportable sectors are the same as the group's accounting policies on December 31, 2022, and the profits of each sector represented in the profits it makes, which reviewed regularly without any distribution of income tax expense. This measure is considered the most appropriate for the purpose of allocating resources to sectors and assessing their performance.

A. Segment profit or loss statement

EGP	Segment Revenue		Segment Profit/(Loss)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Banking technology and E-payment sector	2 904 469 831	2 028 302 602	1 035 522 372	390 859 226
Micro-Finance and consumer sector	367 546 252	251 032 572	59 099 574	53 683 723
Total	3 272 016 083	2 279 335 174	1 094 621 946	444 542 949
Net profit before tax			1 094 621 946	444 542 949
Tax			(278 653 009)	(117 487 788)
Net profit after tax			815 968 937	327 055 161

B. Segment Assets

EGP	December 31, 2023	December 31, 2022
Banking technology and E-payment	8 516 908 150	6 292 583 525
Micro-Finance	1 259 632 790	773 591 663
Assets before disposals	9 776 540 940	7 066 175 188
Elimination of internal transactions between segments	(804 957 295)	(642 417 282)
Assets after disposals	8 971 583 645	6 423 757 906
Total Assets	8 971 583 645	6 423 757 906

43. Earnings per share

Earnings per share is calculated by divide available net profit for parent company shareholders by weighted average number of shares for the year

EGP	December 31, 2023		December 31, 2022	
	Basic	Diluted	Basic	Diluted
Net profit for the period	715 338 691	715 338 691	240 054 320	240 054 320
Less:				
Employee dividends*	(97 734 992)	(97 734 992)	(28 445 656)	(28 445 656)
Net profit after dividends	617 603 699	617 603 699	211 608 664	211 608 664
Average number of shares during the period	3 406 523 244	3 406 523 244	2 579 632 887	2 615 795 167
	0.18	0.18	0.08	0.08

For the purposes of calculating the earnings per share of the fiscal year ending on December 31, 2023, the employees' dividends proposed by the board of directors has been deducted, the proposed dividend will be presented to the Company's general assembly for approval.

44. Legal Position

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

45. Tax position

The company's profits are subject to tax on the profits of legal persons in accordance with the provisions of the Income Tax Law No. 91 of 2005, its executive regulations, and its amendments

a. **Corporate tax**

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

The period from inception until 2017

- The Company was inspected and any difference settled.

The period from 2018 until 2019

The company has been notified for inspection and documents are being prepared.

The period from 2020 until Now

Tax returns were submitted and the tax due was paid within the legal deadlines.

b. **Salaries tax**

The period from inception until 2020

- The Company was inspected and any difference settled.

The year 2021 until now

- Tax returns were submitted and and paid all tax due within the legal deadlines.

c. **Stamp duty tax**

The period from inception until 2020

- The company's records has been tax inspected and the differences were settled.

d. **Sales tax / VAT tax**

The period from inception until December 31, 2019

- The company's records have been tax inspected for the mentioned period. And all differences were settled

The period from 2020 until now

- Company's recorded were inspected, all tax due amounts were paid within the legal deadlines.

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

- Tax returns were submitted and paid all tax due on its legal deadlines.

e. **Withholding tax**

- The company has not been notified of any inspection forms.

46. Financial instruments

Credit risk factors

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

Credit risk

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

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

The maximum credit risk is analyzed as follows:

EGP	December 31, 2023	December 31, 2022
Cash and cash equivalents	2 758 635 418	2 212 689 088
Treasury bills	2 342 600 551	1 482 137 081
Accounts and notes receivable	37 973 445	37 820 433
Loans to customers	1 151 796 456	731 280 541
Due from related parties	420 326	1 499 172
Debtors and other debit balances	318 071 602	150 295 039
Advances to billers	540 600 371	498 083 700
Total	**7 150 080 169**	**5 113 805 054**

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

Expected credit loss assessment for loans to micro-finance customers

- This risk is represented in the inability of customers granted credit to pay their dues. To reduce this risk, the company's management implements policies that guarantee dealing with the risk and then managing it through the distribution of centralizations, whether at the level of individuals, geographical areas, or customer activities with a good credit record and a good reputation. By following up on clients' accounts, and in the event of a default in the repayment of those loans, it forms the necessary provision to meet these obligations. The company's cash balances are deposited in banks with a high credit reputation, and the maximum risk is represented in the value of clients' loans.
- The Group uses an allowance matrix to measure the ECLs of loans to micro-finance customers, which comprise a large number of small balances.
- The following table provides information about the exposure to credit risk and ECLs for loans to micro-finance customers as at 31 December 2023 and 31 December 2022:

EGP	December 31, 2023	Expected credit loss provision
Current	1 088 797 003	27 375 123
1-30 days past due	62 108 198	4 110 482
31-60 days past due	19 328 241	5 059 137
61-90 days past due	18 004 631	5 870 972
91-120 days past due	28 262 481	21 140 676
	1 216 500 554	63 556 390

The balance of the provision according to the rules of the Financial Regulatory Authority during the year 2023 amounted to 64 704 098 EGP, and accordingly, the authority's provision was established (Note No. 14)

EGP	December 31, 2022	Expected credit loss provision
Current	720 112 321	1 041 722
1-30 days past due	28 351 188	845 797
31-60 days past due	4 306 006	1 062 855
61-90 days past due	1 644 852	803 502
91-120 days past due	22 764 945	21 032 693
	777 179 312	24 786 569

The balance of the provision according to the rules of the Financial Rgulatory Authority during the year 2022 amounted to 45 898 860 EGP, and accordingly, the authority's provision was established (Note No. 14)

a. **Capital risk management**

The Group manages its capital to ensure that it will be able to continue as going concern, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders.

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

Financial risks factors

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

Liquidity risk

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

The following are the remaining contractual maturity for financial liabilities:

31 December 2023	Less than one year	More than one year	Total
	EGP	EGP	EGP
Non-interest bearing	4 409 662 386	--	4 409 662 386
Bearing interest	555 373 717	258 453 102	813 826 818
	4 965 036 103	258 453 102	5 223 489 204

31 December 2022	Less than one year	Less than one year	Total
	EGP	EGP	EGP
Non-interest bearing	3 029 709 641	--	3 029 709 641
Bearing interest	481 006 528	173 796 729	654 803 257
	3 510 716 169	173 796 729	3 684 512 898

Foreign currency risk

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

Interest rate risk:

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

fair value measurement

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

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

– Stage 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Stage 2: fair value measurements are those derived from inputs, other than quoted prices included within Stage 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). However, it is not considered quoted prices as that included in stage 1.

– Stage 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets measured at fair value through other comprehensive income:

2023 EGP	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTOCI Unlisted shares measured at FV			40 047 247	40 047 247
2022 EGP	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial assets at FVTOCI Unlisted shares measured at FV	--	--	38 505 101	38 505 101

47. Share-based payments

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

During the year, the Group & its subsidiaries granted 26.65 million shares within employees share ownership plan (ESOP) and number of employees have exercised their rights in 9.1 million shares. The cost of the year of the granted shares within the (ESOB) reached 106 Million Egyptian Pounds and the Reserve of ESOB is amounted by 198.5 Million Egyptian Pounds at the date of financial statements.

48. Subsequent Events after reporting date

On February 1st, 2024,The Monetary Policy Committee of the Central Bank of Egypt decided in its meeting, to raise the overnight deposit and lending rates and the rate of the main operation of the Central Bank by 200 basis points to 21.25%, 22.25% and 21.75%, respectively. The discount rate was also raised by 200 basis points to 21.75%