

**Fawry for Banking Technology and Electronic Payments
(S.A.E.)
Condensed Separate Interim financial statements
Together with limited Review Report
For the six months ended
June 30, 2024**



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 Review
Report Originally Issued in Arabic*

Limited Review Report on the condensed separate interim financial statements

**To: The Board of Directors of Fawry for Banking Technology and Electronic Payments
"S.A.E."**

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed separate interim statement of financial position as of June 30, 2024, and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months' period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30)" Interim financial statements". Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". Review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as of June 30, 2024, and of its separate financial performance and its separate cash flows for the six months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo – Aug 13, 2024.



Kamel Magdy Saleh FCA,
FESAA (R.A.A. 8510)
FRA Register No. "69"

Fawry for Banking and Payment Technology Services S.A.E.
Condensed Separate interim statement of financial position
as of June 30, 2024

| EGP | Note No. | June 30, 2024 | December 31, 2023 |
|---|----------|-----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | (4) | 1 093 423 566 | 841 498 395 |
| Intangible assets | (5) | 767 548 933 | 601 548 195 |
| Projects under construction | (6) | 11 113 054 | 5 025 865 |
| Investments in subsidiaries | | 364 012 432 | 364 012 432 |
| Investments in associates | | 8 991 429 | 8 991 429 |
| Investments at fair value through OCI | | 40 047 247 | 40 047 247 |
| Deferred tax asset | | 34 853 875 | 36 838 686 |
| Loans to related parties | (7) | 442 913 121 | 133 364 207 |
| Investments at fair value through P&L | | 29 850 000 | 29 850 000 |
| Total non-current assets | | 2 792 753 657 | 2 061 176 456 |
| Current assets | | | |
| Inventory | | 8 877 719 | 8 013 979 |
| Accounts and notes receivable | | 28 818 884 | 12 327 271 |
| Debtors and other debit balances | (8) | 295 233 039 | 169 918 512 |
| Advances to billers | | 592 821 099 | 540 600 371 |
| Due from related parties | (9) | 284 893 339 | 198 411 353 |
| Investments at fair value through P&L | | -- | 16 732 250 |
| Treasury bills | (10) | 1 685 671 717 | 2 117 435 308 |
| Cash and cash at banks | (11) | 6 027 102 346 | 2 571 092 637 |
| Total current assets | | 8 923 418 143 | 5 634 531 681 |
| Total assets | | 11 716 171 800 | 7 695 708 137 |
| Equity & liabilities | | | |
| Equity | | | |
| Issued and paid-up capital | | 1 703 261 622 | 1 703 261 622 |
| Legal reserve | | 92 581 238 | 62 039 050 |
| Reserve for employee stock ownership plan (ESOP) | (25) | 115 684 328 | 198 552 525 |
| Shares for employee stock ownership plan | | (37 025 656) | (43 170 059) |
| Revaluation reserve for Investments at fair value through OCI | | (12 252 854) | (12 252 854) |
| Retained Earnings | | 1 796 114 400 | 1 204 234 049 |
| Total equity | | 3 658 363 078 | 3 112 664 333 |
| Non-Current liabilities | | | |
| Deferred tax liabilities | | 37 163 851 | 26 262 512 |
| Lease Liabilities | | 102 284 502 | 88 880 933 |
| Total non current liabilities | | 139 448 353 | 115 143 445 |
| Current liabilities | | | |
| Bank credit facilities | (12) | 50 986 464 | 74 977 067 |
| Provisions | (13) | 65 932 401 | 52 928 805 |
| Accounts and notes payable | (14) | 149 089 221 | 81 996 454 |
| Accounts and notes payable - Billers | (15) | 5 430 498 125 | 2 320 574 794 |
| Merchant advances | | 1 603 208 208 | 1 445 685 555 |
| Retailers' POS security deposits | | 120 863 067 | 100 810 102 |
| Creditors and other credit balances | (16) | 259 925 697 | 189 633 119 |
| Due to related parties | (17) | 96 645 554 | 71 673 672 |
| Current income tax | | 124 598 989 | 114 331 306 |
| Lease Liabilities | | 16 612 643 | 15 289 485 |
| Total current liabilities | | 7 918 360 369 | 4 467 900 359 |
| Total liabilities | | 8 057 808 722 | 4 583 043 804 |
| Total equity and liabilities | | 11 716 171 800 | 7 695 708 137 |

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

Chief Financial Officer

Chief Executive Officer

Chairman

Limited review report attached

Fawry for Banking and Payment Technology Services S.A.E.
Condensed Separate interim Statement of Profit or Loss
for the Six months ended June 30, 2024

| EGP | Note No. | Six months ended | | Three months ended | |
|--|----------|----------------------|--------------------|--------------------|--------------------|
| | | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Operating revenues | (20) | 1 518 371 513 | 985 751 765 | 788 394 216 | 526 000 398 |
| Operating costs | (21) | (415 214 217) | (352 812 223) | (210 863 397) | (189 247 725) |
| Gross margin | | 1 103 157 296 | 632 939 542 | 577 530 819 | 336 752 673 |
| Add (Less): | | | | | |
| General and administrative expenses | (22) | (345 364 548) | (245 914 568) | (178 382 304) | (128 973 342) |
| Selling and marketing expenses | (23) | (290 399 244) | (217 721 799) | (154 487 231) | (111 928 384) |
| Employee stock ownership plan expenses | (25) | (38 173 688) | (40 885 303) | (16 248 554) | (19 466 796) |
| Board compensation expenses | | (3 806 400) | (3 310 000) | (2 100 000) | (1 800 000) |
| Medical contribution for health and insurance | | (4 647 990) | (3 042 072) | (2 443 043) | (1 597 338) |
| Expected credit loss | | (5 988 148) | (1 172 172) | (2 661 761) | (671 214) |
| Formed provisions | (13) | (13 003 596) | (6 337 306) | (7 103 597) | (4 637 306) |
| Finance costs | | (19 355 781) | (14 651 967) | (11 275 661) | (7 730 766) |
| Gain on revaluation of financial investments through P&L | | 10 062 880 | 833 750 | 2 412 403 | 446 375 |
| Credit interest | (19) | 299 190 411 | 189 529 402 | 156 585 291 | 101 495 674 |
| Gain on disposal of fixed assets | | 9 209 126 | 11 064 704 | 911 525 | 8 839 165 |
| Other revenues | | 4 145 926 | 3 809 832 | 2 365 873 | 2 108 574 |
| Foreign currency exchange differences | | 17 879 292 | 11 163 406 | 3 294 152 | 52 168 |
| Operating profit | | 722 905 536 | 316 305 449 | 368 397 912 | 172 889 483 |
| Dividends from investments in subsidiaries | (24) | 52 951 321 | 36 646 749 | 15 194 807 | -- |
| Profit for the period before tax | | 775 856 857 | 352 952 198 | 383 592 719 | 172 889 483 |
| Tax burden | | (183 441 927) | (78 996 370) | (96 372 629) | (39 027 162) |
| Net profit for the period after tax | | 592 414 930 | 273 955 828 | 287 220 090 | 133 862 321 |
| Earnings per share for the period - basic | (26) | 0.17 | 0.08 | | |
| Earnings per share for the period - diluted | (26) | 0.17 | 0.08 | | |

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

Fawry for Banking and Payment Technology Services S.A.E.
Condensed Separate interim statement of comprehensive income
for the Six months ended June 30, 2024

| <u>EGP</u> | <u>Six months ended</u> | | <u>Three months ended</u> | |
|---|-------------------------|----------------------|---------------------------|----------------------|
| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
| Net profit for the period | 592 414 930 | 273 955 828 | 287 220 090 | 133 862 300 |
| Other comprehensive income | -- | -- | -- | -- |
| Total other comprehensive income | -- | -- | -- | -- |
| Total comprehensive income | 592 414 930 | 273 955 828 | 287 220 090 | 133 862 300 |

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

Translation of financial statements
Originally issued in Arabic

Fawry for Banking and Payment Technology Services S.A.E.
Condensed Separate Interim Statement of change in equity
for the six months ended June 30, 2024

| | <u>Issued and paid up capital</u> | <u>Legal reserve</u> | <u>Reserve for employee stock ownership plan (ESOP)</u> | <u>Share for employee stock ownership plan</u> | <u>Shares issuance expenses reserve</u> | <u>Revaluation reserve for investments at fair value through OCI statement</u> | <u>Retained Earnings</u> | <u>Total</u> |
|--|-----------------------------------|----------------------|---|--|---|--|--------------------------|---------------|
| EGP | | | | | | | | |
| Balance as of January 1, 2023 | 1 653 652 060 | 53 150 023 | 151 513 185 | -- | (5 818 102) | (13 795 000) | 537 325 900 | 2 376 028 066 |
| Items of comprehensive income | -- | -- | -- | -- | -- | -- | 273 955 828 | 273 955 828 |
| Net profit for the period | -- | -- | -- | -- | -- | -- | 273 955 828 | 273 955 828 |
| Total comprehensive income | -- | -- | -- | -- | -- | -- | -- | -- |
| Transactions with company's owners | -- | 8 889 027 | -- | -- | -- | -- | (8 889 027) | -- |
| Transferred to legal reserve | -- | -- | -- | -- | 5 818 102 | -- | (5 818 102) | -- |
| Transferred to share issuance expense from retained earnings | 49 609 562 | -- | (49 609 562) | -- | -- | -- | -- | -- |
| Capital Increase (ESOP Shares) | -- | -- | 107 449 520 | (49 609 562) | -- | -- | -- | 57 839 958 |
| Reserve for employee stock ownership plan (ESOP) | -- | -- | -- | -- | -- | -- | (28 445 635) | (28 445 635) |
| Dividend distribution | 49 609 562 | 8 889 027 | 57 839 958 | (49 609 562) | 5 818 102 | -- | (43 152 764) | 29 394 323 |
| Total transactions with the company's owners | 1 703 261 622 | 62 039 050 | 209 353 143 | (49 609 562) | -- | (13 795 000) | 768 128 964 | 2 679 378 217 |
| Balance as of June 30, 2023 | | | | | | | | |
| Balance as of January 1, 2024 | 1 703 261 622 | 62 039 050 | 198 552 525 | (43 170 059) | -- | (12 252 854) | 1 204 234 049 | 3 112 664 333 |
| Net profit for the period | -- | -- | -- | -- | -- | -- | 592 414 930 | 592 414 930 |
| Total comprehensive income | -- | -- | -- | -- | -- | -- | 592 414 930 | 592 414 930 |
| Transactions with company's owners | -- | 30 542 188 | -- | -- | -- | -- | (30 542 188) | -- |
| Transferred to legal reserve | -- | -- | (133 887 015) | 6 144 403 | -- | -- | 127 742 612 | -- |
| Exercising of employee stock ownership plan shares | -- | -- | 51 018 818 | -- | -- | -- | -- | 51 018 818 |
| Formed for employee stock ownership plan shares | -- | -- | -- | -- | -- | -- | (97 735 003) | (97 735 003) |
| Dividend distribution | -- | 30 542 188 | (82 868 197) | -- | -- | -- | (534 579) | (46 716 185) |
| Total transactions with the company's owners | 1 703 261 622 | 92 581 238 | 115 684 328 | (37 025 656) | -- | (12 252 854) | 1 796 114 400 | 3 658 363 078 |
| Balance as of June 30, 2024 | | | | | | | | |

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

Fawry for Banking and Payment Technology Services S.A.E.**Condensed Separate Interim statement of cash flows****for the Six months ended June 30, 2024**

| EGP | Note | Six months ended | |
|---|------|-----------------------|----------------------|
| | | June 30, 2024 | June 30, 2023 |
| Cash flows from operating activities: | | | |
| Net profit for the period before tax | | 775 856 857 | 352 952 198 |
| Adjusted by: | | | |
| Depreciation and amortization of the period | | 171 111 948 | 119 751 133 |
| Formed provisions | | 13 003 596 | 6 337 306 |
| Unrealized foreign currency exchange | | (17 879 292) | (11 163 406) |
| Expected credit loss | | 8 497 507 | 1 172 172 |
| (Gain) on sale of fixed assets | | (9 209 126) | (9 459 731) |
| Dividends from investments in subsidiaries | | (52 951 321) | (36 646 749) |
| Employee stock ownership plan expenses | | 38 173 688 | 40 885 303 |
| Revaluation gain of investments at fair value through P&L | | (10 062 880) | (833 750) |
| Credit interest | | (299 190 411) | (189 529 402) |
| Finance costs | | 19 355 781 | 14 651 967 |
| Operating gain before changes in working capital | | 636 706 347 | 288 117 041 |
| Changes in working capital | | | |
| (Increase) / decrease in inventory | | (863 740) | 2 047 542 |
| (Increase) in advances to billers | | (54 548 793) | (232 471 575) |
| (Increase) in debtors and other debit balances | | (125 963 707) | (40 778 158) |
| (Increase) in accounts and notes receivable | | (18 459 260) | (23 462 669) |
| (Increase) in due from related parties | | (70 252 570) | (94 690 532) |
| Increase / (Decrease) in accounts and notes payable | | 67 092 767 | (36 309 377) |
| Increase in accounts payable-- billers | | 3 109 923 331 | 1 474 695 096 |
| Increase / (Decrease) in due to related parties | | 24 971 882 | (44 218 028) |
| Increase in merchants prepaid balances | | 157 522 653 | 233 618 984 |
| Increase in retailer's POS security deposits | | 20 052 965 | 17 144 933 |
| Increase in creditors and other credit balances | | 61 879 693 | (82 091 884) |
| (Decrease) / Increase in loans to related parties | | (316 485 813) | 91 956 764 |
| Provision used | | -- | (18 854 510) |
| Income tax paid | | (155 580 520) | (47 022 835) |
| Proceeds from credit interest | | 317 716 948 | 97 656 365 |
| Net cash provided from operating activities | | 3 653 712 183 | 1 585 337 157 |
| Cash flows from investing activities | | | |
| (Payments) to acquire fixed assets | | (362 026 335) | (130 323 767) |
| (Payments) to acquire intangible assets | | (206 469 020) | (119 318 584) |
| (Payments) for projects under construction | | (8 741 798) | (18 034 026) |
| Proceeds from the sale of fixed assets | | 12 419 010 | 15 820 093 |
| Proceeds to acquire financial investments at fair value through P&L | | 26 795 130 | - |
| Proceeds from dividends from investments in subsidiaries | | 52 951 321 | 36 646 749 |
| (Payments) to acquire investment in subsidiary and associates | | -- | (142 497 750) |
| (Payment) Dividend distribution | | (97 735 003) | (28 445 635) |
| Net movement of treasury bills - more than three months | | (115 541 719) | (608 535 660) |
| Net cash used in investing activities | | (698 348 414) | (994 688 580) |
| Cash flows from financing activities | | | |
| (Payments) / Proceeds from bank facilities | | (23 990 603) | 18 414 939 |
| (Payments) for lease liabilities | | (14 659 345) | (11 543 691) |
| Finance expenses paid | | (11 067 484) | (8 833 690) |
| Net cash used in financing activities | | (49 717 432) | (1 962 442) |
| Net change in cash and cash equivalents during the period | | 2 905 646 337 | 588 686 135 |
| Cash and cash equivalents at beginning of the year | | 3 354 077 130 | 2 686 868 874 |
| Changing currency difference for cash and cash equivalents | | 17 879 292 | 11 163 406 |
| Cash and cash equivalents at end of the period | (11) | 6 277 602 759 | 3 286 718 415 |

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

Fawry for Banking Technology and Electronic payments S.A.E.
Notes to the condensed Separate interim Financial Statements
For the six months ended June 30, 2024

1. General information

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in June 2011. The company reregistered at the commercial register investment 6th of October under the No. 1333 on July 19, 2018.

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

The condensed separate interim financial statements of the company were approved in the board of directors meeting dated August 13, 2024.

2. Statement of compliance

The Condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standard No. (30).

3. Basis of preparation of the separate financial statements

The condensed separate interim financial statements have been prepared using the same accounting policies which have been applied in the prior year. These condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended December 31, 2023.

Fawry for Banking and Payment Technology Services S.A.E.
Notes to the condensed separate interim financial statements
For the six months ended June 30, 2024

4- Fixed assets

| EGP | Land | Buildings | Networks and servers | Points of sales machines | Computers | Furnitures and other office equipment | Leasghold improvements | Vehicles | Tools and equipment super heavy | Right of use assets | Total |
|---------------------------------|------------|-------------|----------------------|--------------------------|------------|---------------------------------------|------------------------|----------|---------------------------------|---------------------|---------------|
| Cost | | | | | | | | | | | |
| As of January 1, 2023 | 52,490,500 | 134,050,355 | 146,263,268 | 526,196,278 | 71,915,378 | 22,548,744 | 68,456,843 | 149,300 | 641,766 | 91,005,526 | 1,113,717,958 |
| Additions during the year | -- | -- | 55,176,211 | 253,309,995 | 13,350,812 | 620,997 | 22,618,793 | -- | -- | 37,006,408 | 382,083,216 |
| Disposals | -- | -- | -- | (46,489,771) | -- | -- | -- | -- | -- | (2,305,994) | (48,795,765) |
| As of December 31, 2023 | 52,490,500 | 134,050,355 | 201,439,479 | 733,016,502 | 85,266,190 | 23,169,741 | 91,075,636 | 149,300 | 641,766 | 125,705,940 | 1,447,005,409 |
| As of January 1, 2024 | 52,490,500 | 134,050,355 | 201,439,479 | 733,016,502 | 85,266,190 | 23,169,741 | 91,075,636 | 149,300 | 641,766 | 125,705,940 | 1,447,005,409 |
| Additions during the period | -- | -- | 27,411,028 | 305,019,436 | 6,396,447 | 458,484 | 24,172,792 | -- | -- | 21,097,776 | 384,555,963 |
| Disposals | -- | -- | -- | (22,101,463) | -- | -- | -- | -- | -- | -- | (22,101,463) |
| As of June 30, 2024 | 52,490,500 | 134,050,355 | 228,850,507 | 1,015,934,475 | 91,662,637 | 23,628,225 | 115,248,428 | 149,300 | 641,766 | 146,803,716 | 1,809,459,909 |
| Accumulated depreciation | | | | | | | | | | | |
| As of January 1, 2023 | -- | 8,730,469 | 97,840,281 | 244,366,867 | 40,548,512 | 9,828,061 | 21,866,864 | 149,298 | 641,739 | 18,098,996 | 442,091,087 |
| Depreciation for the year | -- | 3,351,259 | 33,349,281 | 117,898,151 | 10,800,118 | 3,652,388 | 12,637,215 | -- | -- | 19,185,776 | 200,874,188 |
| Depreciation of disposals | -- | -- | -- | (36,149,097) | -- | -- | -- | -- | -- | (1,309,164) | (37,458,261) |
| As of December 31, 2023 | -- | 12,081,728 | 131,189,562 | 326,135,921 | 51,348,630 | 13,480,449 | 34,504,079 | 149,298 | 641,739 | 35,975,608 | 605,507,014 |
| As of January 1, 2024 | -- | 12,081,728 | 131,189,562 | 326,135,921 | 51,348,630 | 13,480,449 | 34,504,079 | 149,298 | 641,739 | 35,975,608 | 605,507,014 |
| Depreciation for the period | -- | 1,675,629 | 19,599,253 | 80,541,095 | 4,838,222 | 1,834,945 | 8,901,688 | -- | -- | 12,030,076 | 129,420,908 |
| Depreciation of disposals | -- | -- | -- | (18,891,579) | -- | -- | -- | -- | -- | -- | (18,891,579) |
| As of June 30, 2024 | -- | 13,757,357 | 150,788,815 | 387,785,437 | 56,186,852 | 15,315,394 | 43,405,767 | 149,298 | 641,739 | 48,005,684 | 716,036,343 |
| Net book value | | | | | | | | | | | |
| As of December 31, 2023 | 52,490,500 | 121,968,627 | 70,249,917 | 406,880,581 | 33,917,560 | 9,680,292 | 56,571,557 | 2 | 27 | 89,730,332 | 841,498,395 |
| As of June 30, 2024 | 52,490,500 | 120,292,998 | 78,061,692 | 628,149,038 | 35,475,785 | 8,312,831 | 71,842,661 | 2 | 27 | 98,798,032 | 1,093,423,566 |

5. Intangible assets

| <u>EGP</u> | <u>Programs' license</u> | <u>Programs</u> | <u>Total</u> |
|--|--------------------------|-----------------|---------------|
| <u>Cost</u> | | | |
| As of January 1, 2023 | 83 485 901 | 439 737 861 | 523 223 762 |
| Additions during the year | 34 778 946 | 256 828 298 | 291 607 244 |
| As of December 31, 2023 | 118 264 847 | 696 566 159 | 814 831 006 |
| Additions during the period | 11 865 187 | 195 826 591 | 207 691 778 |
| As of June 30, 2024 | 130 130 034 | 892 392 750 | 1 022 522 784 |
| <u>Accumulated amortization</u> | | | |
| As of January 1, 2023 | 23 751 286 | 127 310 347 | 151 061 633 |
| Amortization for the year | 8 583 782 | 53 637 396 | 62 221 178 |
| As of December 31, 2023 | 32 335 068 | 180 947 743 | 213 282 811 |
| Amortization for the period | 5 143 473 | 36 547 567 | 41 691 040 |
| As of June 30, 2024 | 37 478 541 | 217 495 310 | 254 973 851 |
| <u>Net book value</u> | | | |
| As of June 30, 2024 | 92 651 493 | 674 897 440 | 767 548 933 |
| As of December 31, 2023 | 85 929 779 | 515 618 416 | 601 548 195 |

6. Projects under construction

The increase in projects under construction is mainly due to additions with EGP 142.3 Million during the period taking into consideration transfers to fixed and intangible assets by amount of EGP 136.2 Million.

7. Loans to related parties

The increase in Loans to related parties is mainly increase due for Fawry for Medium, Small and Micro finance is paid by amount of EGP 52.3 million and increase due for Fawry consumer finance by amount of 262.7 Million and increase due for Dirac for information system by amount of 1.5 Million during the second Quarter.

8. Debtors and other debit balances

The increase in mainly due to the increase in accrued Revenue by amount of EGP 105 Million and increase in the prepaid expenses by amount of EGP 24 Million.

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

Notes to the condensed Separate interim Financial Statements

For the six months ended June 30, 2024

9. Due from related parties

| <u>EGP</u> | <u>Nature</u> | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
|--------------------------------------|-----------------|----------------------|--------------------------|
| Fawry Fast Moving Consumer goods Co. | Current account | 15 270 687 | 7 810 424 |
| Fawry insurance Brokerage Co. | Current account | 2 247 550 | 2 524 658 |
| Tazcara Information Technology | Current account | 1 500 240 | 1 500 240 |
| Fawry consumer finance Co. | Current account | -- | 91 592 043 |
| Fawry Gulf Co. | Current account | 3 327 932 | 1 809 267 |
| Fawry Integrated System | Current account | 243 476 778 | 85 685 185 |
| Fawry Plus for Banking Services | Current account | -- | 2 568 306 |
| Fawry for commercial technologies | Current account | 20 635 170 | 8 870 534 |
| Less: Expected credit losses | | (1 565 018) | (3 949 304) |
| | | <u>284 893 339</u> | <u>198 411 353</u> |

10. Treasury bills

The decrease in treasury bills mainly due to accrual of treasury bills during the second quarter of the year which led to a decrease in the balance of treasury bills by amount of EGP 431.8 Million.

11. Cash and cash at banks

| <u>EGP</u> | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
|---|----------------------|--------------------------|
| Cash * | 175 780 594 | -- |
| Banks current accounts – local currency | 903 851 999 | 1 172 313 246 |
| E-Acceptance transactions under settlement | 1 924 401 557 | 379 358 060 |
| Cash at collecting agencies | 2 751 851 599 | 476 238 682 |
| Banks current accounts – foreign currencies | 13 326 698 | 30 067 253 |
| Time deposit – local currencies | 86 304 385 | 460 257 330 |
| Time deposit – foreign currencies | 177 260 263 | 61 042 173 |
| Less: Expected credit losses | (5 674 749) | (8 184 107) |
| | <u>6 027 102 346</u> | <u>2 571 092 637</u> |

*Cash balance is represented in cash with cash collection representatives “the company’s employees” on June 30, 2024.

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

| <u>EGP</u> | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|-------------------------------------|----------------------|----------------------|
| Cash and bank balances | 6 027 102 346 | 3 089 329 205 |
| Treasury bills – less than 3 months | 250 500 413 | 197 389 210 |
| | <u>6 277 602 759</u> | <u>3 286 718 415</u> |

12. Bank Credit Facilities

The decrease in the account by EGP 24 Million is due to the decrease in the amount used of the credit facilities during the second quarter from the current period.

13. Provisions

The increase in the account due to provision formed by amount of EGP 13 Million during the first half year from year 2024.

14. Accounts and notes payable

The increase in the account is related to the company the dues and notes payable during the second quarter which lead to increase in the account by amount of EGP 67 Million.

15. Accounts and notes payable – Billers.

The increase in the account is related to the company the dues for Billers and notes payable during the second quarter it's effected to increase the account by amount of EGP 3.1 Billion.

16. Creditors and other credit balances

The increase in the account is mainly due to the increase in the accrued expenses by amount of EGP 46,9 million and the accrued commission by amount of EGP 16 Million and increase in transactions under settlement by amount of EGP 16 Million Taking into account decrease the balance for Tax authority by amount of EGP 9 Million during the second quarter.

17. Due to related parties

| <u>EGP</u> | <u>Nature of relationship</u> | <u>Account type</u> | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
|--------------------------------|-------------------------------|---------------------|----------------------|--------------------------|
| Fawry Dahab Technology | Subsidiary | Current account | 95 303 811 | 71 673 672 |
| Fawry Plus for Banking service | Subsidiary | Current account | 1 341 743 | -- |
| | | | <u>96 645 554</u> | <u>71 673 672</u> |

18. Contingent liabilities

The balance of contingent liabilities amounted by EGP 1.8 Billion on June 30, 2024, compared to EGP 1.5 Billion on December 31, 2023.

19. Credit Interest

The increase in the account is mainly due to an increase in credit interest on current accounts by amount of EGP 22.5 Million and credit interest on treasury bills and Time deposit by amount of EGP 68 Million and due from related parties interest by amount of EGP 19 Million.

20. Operating revenues

The reason for the increase in revenues is due to the increase in the company's business volume during the second quarter compared to the second quarter of the previous year by amount of EGP 532.6 Million.

21. Operating costs

The main reason for the increase in the operating cost is due to the increase in cash collection cost by EGP 20.5 Million and the increase in other expenses by EGP 14 Million and the increase in depreciation and amortization by EGP 37,9 Million and, the decrease in merchants' commissions by EGP 11.6 Million.

22. General and administrative expenses

The main reason for the increase in the account is due to the increase in salaries and equivalents by an amount of EGP 33.9 Million, and an increase in depreciation and amortization by an amount of EGP 13.4 Million, in addition to the increase in subscription expenses, technical support, communications and services centers by an amount of EGP 42.2 Million during the period and an increase in premises and insurance expenses by EGP 2.3 Million.

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

Notes to the condensed Separate interim Financial Statements

For the six months ended June 30, 2024

23. Selling and Marketing expenses

The main reason for the increase in the account is due to the increase in salaries by EGP 44.9 Million and the increase in sales and marketing commissions by EGP 27.7 Million.

24. Significant related parties' transactions

The following are significant related parties' transactions:

| <u>EGP</u> | <u>Nature of the Transaction</u> | <u>Transactions during the period</u> |
|--|--|---------------------------------------|
| Fawry Dahab for Electronics Services | Cost related to cash collection on behalf of related party | 283 092 894 |
| | Electronic Payment services revenues | 154 414 306 |
| | Dividends revenue | 37 756 514 |
| Fawry for Integrated Systems | Program acquisition from related party | 126 834 425 |
| | POS machine acquisition | 305 029 682 |
| | Technical support service revenues | 16 111 625 |
| Fawry for medium, small and MicroFinance | Loans to related parties | 188 273 918 |
| | Credit Interest revenue | 14 431 351 |
| Fawry Plus for Banking Services | Cost payment on behalf of related party | 33 869 734 |
| | Revenue from electronic payment services | 26 404 106 |
| | Branches managing fees for related party | 11 428 122 |
| | Dividends revenue | 15 194 807 |
| Fawry for FMCG | Electronic Payment services revenue | 57 360 242 |
| | Operations revenue on Fawry's Services | 271 105 |
| Fawry for consumer finance | Loans to related parties | 262 704 288 |
| | Credit Interest revenue | 16 860 080 |
| Dirac for information system | Loans to related parties | 1 500 000 |

25. Share based payments

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

During the period some of employees of the group and its subsidiaries granted 12,2 Million shares for employee stock ownership plan and charged total cost for the year shares granted is amounting to EGP 51 Million and total reserve for employee stock ownership plan at the reporting date is EGP 115.6 Million.

26. Earnings per share

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

| EGP | June 30, 2024 | | June 30, 2023 | |
|-----------------------------------|----------------------|----------------|----------------------|----------------|
| | Basic | Diluted | Basic | Diluted |
| Net profit of the period | 592 414 930 | 592 414 930 | 273 955 828 | 273 955 828 |
| Weighted average number of shares | 3 406 523 244 | 3 406 523 244 | 3 307 304 120 | 3 331 838 660 |
| | 0.17 | 0.17 | 0.08 | 0.08 |

27. Tax position

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

Corporate tax

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

The years from establishment until 2017

- The Company was inspected and tax differences were settled.

The years from 2018 until 2019

The company received an announcement to inspect its books for the mentioned dates and they are currently preparing for the office inspection.

The years from 2020 until Now

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

Salaries and wages tax

The years from establishment until 2020

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

The years 2021 until now

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

Stamp duty tax

The years from establishment until 2020

- The company's records have been tax inspected for the mentioned years, and tax differences were settled.

The years 2021 until now

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

Sales tax / VAT tax

The years from establishment until December 31, 2019

Company's recorded were inspected for the mentioned years, and differences were settled.

The years from 2020 until now

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

Withholding tax

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

28. Legal Position

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

29. Significant events during the current period

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%.

On March 6th, 2024, The Monetary Policy Committee of the Central Bank of Egypt decided in its extra ordinary meeting, to raise the overnight deposit and lending rates and the rate of the main operation of the Central Bank by 600 basis points to 27.25%, 28.25% and 27.75%, respectively. The discount rate was also raised by 600 basis points to 27.75%.