Arifpay

A Company Licensed by the National Bank of Ethiopia



ANNUAL REPORT 2021/22

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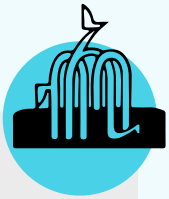
Arifpay



Annual Report for Financial Year Ended July 07 2022

About Arifpay



Arifpay Financial Technologies S.C. is a financial institution licensed by the National Bank of Ethiopia providing digital payment solutions.



Arifpay is Ethiopia's first Point of Sale (POS) Payment System Operator (PSO) with payment solutions for smartphones, POS and QR payment terminals.



Arifpay also holds a license to provide payment gateway solutions including utility bills, airtime top up ecommerce, school fee processing etc.



Arifpay offers innovative, secure and easy to implement digital payment solutions for MSME merchants, banks and customers, working through commercial partners.

Our Ethos



To be the digital payment infrastructure in Ethiopia.

ARIFPAY'S POSITIONING IN ETHIOPIA'S EVOLVING FINANCIAL SERVICES SECTOR

MATURITY MODEL

	STAGE I	STAGE II	STAGE III
Arifpay – Payment Infrastructure	- Direct integration with local banks - Full integration with the national switch – real time clearing and settlement.	- Aggregation of all digital payment infrastructure including wallets. - Aggregation of POS devices and optimization of existing POS install base.	- Post Merger Integration (PMI) throug aggregation of digital wallet and payment platforms.
Arifpay – Growth – M&A	- N/A	- **Horizontal integration** E.g. Data acquisition of PSO, PII business units.	- **Vertical integration** E.g. P2P payment providers, VAR, SI super apps etc.
Arifpay – Growth – Organic	- Increased volume with existing merchants - Recruitment of net new merchants throug each bank	- Banks enabled to digitize faster, mobilize deposits rapidly and increase their corporate valuations - Recruitment of net new merchants through national switch integration.	- Increased volume through bank synergies.
REGULATORY FRAMEWORK	- Amendment of the payment systems law by NBE procl. no 718/2011 - National Digital Payment Strategy execution - Capital market proclamation - National ID proclamation - Opening up of the Banking Sector to foreign investors	- NBE's encouragement for Banking Sector to consolidate - NBE allowance of telcos entry into the financial services sector - Partial privatization of Ethio telecom - Issuance of third telco license - Micro, Small and Medium-sized Enterprises Strategy - Startup and Innovative Business Proclamation - NBE directs banks to optimize use of POS resources.	- M&A enabling environment - NBE to ensure open standards and interoperability between PSO and PII (esp. mobile money) - Consumer protection and banked population targets - Stringent antitrust laws
ETHIOPIA'S BANKING SECTOR EVOLUTION	- Fragmented banking sector - Acceleration of local banks formation - Deployment of new and upgraded core banking systems - Low deposit mobilization and low outstanding loans	- Limited consolidation of local banks - Continuous transformation of MFIs into banks - Initial negotiations with foreign investors through NBE predefined modalities	- Increased consolidation of local banks - Execution on deals with foreign investors - PMI

Arifpay as the digital payment infrastructure for all banks.

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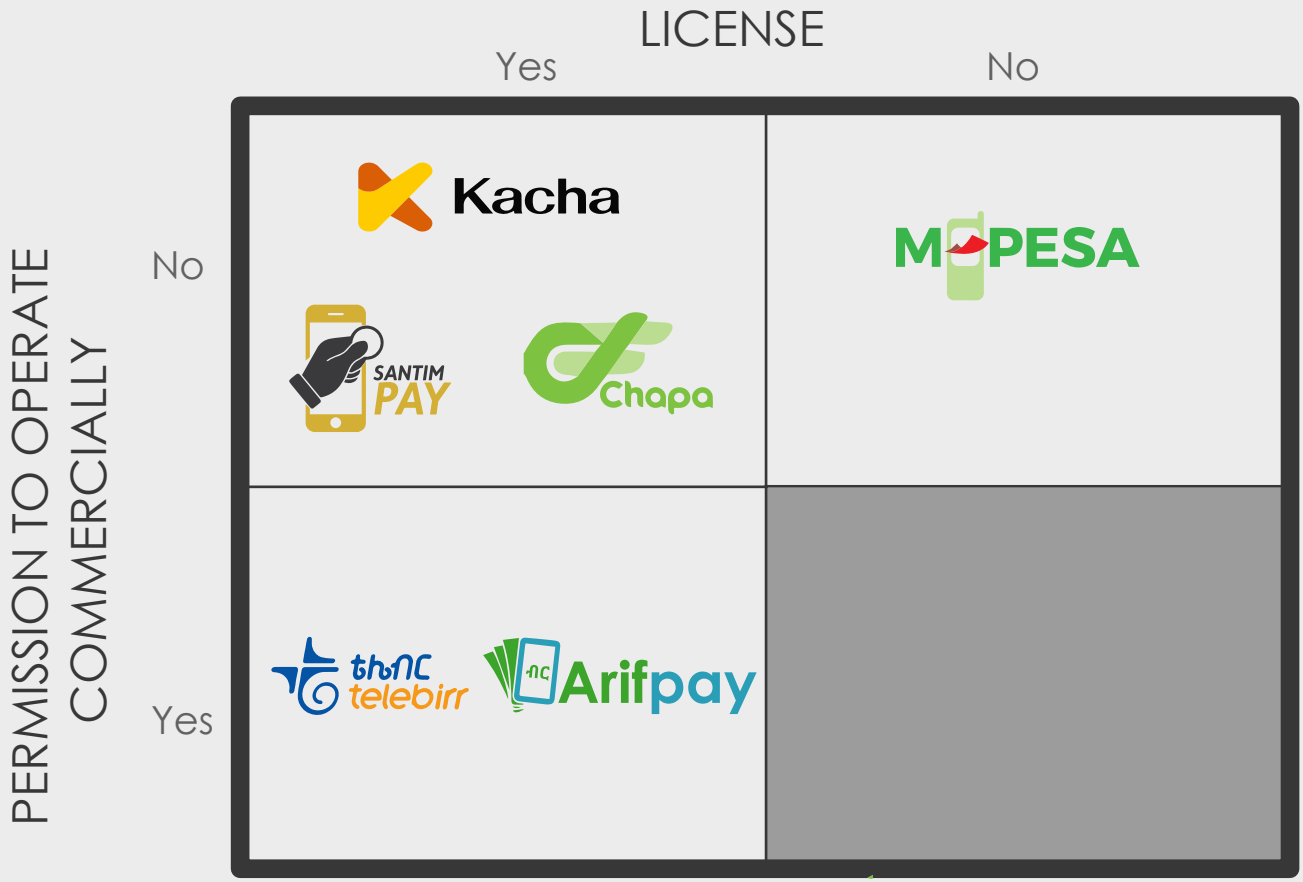
PAYMENT INSTRUMENT ISSUER (PII) AND PAYMENT SYSTEM OPERATOR (PSO) SPACE IN ETHIOPIA

National Bank of Ethiopia - As of December 26, 2022



ARIFPAY BOARD OF DIRECTORS



Zewdineh Beyene Haile (PhD, JSD)
Board Chairman



Dr. Enawgaw Mehari



Tegegnework Gettu (PhD)



Samuel Alemu Esq.



Eyerusalem Assefa (MA)



Dr. Amanuel Sima



Yared Hailemeskel

BOARD CHAIRMAN'S MESSAGE



Zewdineh Beyene Haile (PhD, JSD)

Dear esteemed shareholders,

On behalf of the Board of Directors and that of mine, I am delighted to warmly welcome you all to our Annual General Shareholders' Meeting for Fiscal Year (FY) 2021/22.

Right on the outset, please permit me to convey my sincere gratitude to all our shareholders for the trust, support, and commitment you have shown which helped Arifpay reach significant milestones in this short period of existence. I would like to commend the continued cooperation and purpose-oriented oversight of policy makers and regulators who have allowed Arifpay to enter and thrive in a sector which is highly strategic for the growth of our country. My sincere thankfulness also goes to all our partners for your collaboration and hard work. We are convinced that together we can make a big difference in our country.

As the first Payment System Operator (PSO) licensed by the National Bank of Ethiopia (NBE), Arifpay is committed to not only abide by all regulations and laws of the land, but also constantly be an active contributor for the continuous betterment of the regulatory environment in dialogue with policy makers and regulators. Internally, Arifpay is committed to follow corporate best practices and uphold excellent corporate governance to protect the interests of shareholders, partners, consumers, and our staff.

The FY 2021/22 was characterized by significant global and local challenges, both on the social and economic fronts, creating an environment of uncertainty for investors. However, we foresee the upcoming FY to be much more stable and encouraging given the promising political stability our country has reached. We are confident this situation will pave the way for strong economic tailwinds, favorable to our industry in general and our venture in particular.

FY 2021/22 was a period of establishment and turning our early-stage startup into a growth one. In the next period, we foresee Arifpay growing into a mature corporation yet nimble and agile enough so that it remains innovative and disruptive. We are convinced that building a strong venture can only happen if our human capital is excellent. Hence, most of our expenses in the last period were focused on recruiting the best talent available and help improve the skill pool.

We are proud to have a management team who is helping the venture to navigate during both turbulent and stable times, while keeping a strong focus on the horizon and safely bringing the whole organization to shore, offering great social impact satisfaction and financial gains to all shareholders and stakeholders.

I would like to emphasize that all of us at Arifpay are focused on long-term value creation instead of short-term returns. We remain steadfast and resilient through all the challenges experienced.

Therefore, in consideration of the above points, the Board solicits the Shareholders to pay their subscribed capital per their original commitment in a timeline that will be communicated to you, in full compliance with the NBE guidelines and the Ethiopian Commercial Code. In addition, the Board kindly requests the Shareholders to adopt Arifpay's first amended Memorandum of Association harmonized with the new Ethiopian Commercial Code promulgated and entered into force right after the establishment of our company. This document in effect shall replace the existing Memorandum and Articles of Association.

In conclusion, I would like to echo the call made by the Board of Directors to all stakeholders to persevere and continue their support to make Arifpay a successful venture in the financial services sector in Ethiopia and pave the way for more ecosystem players to enter the large Ethiopian market.

EXECUTIVE MANAGEMENT



CEO

Bernard Laurendeau

CMO

Vacant

CTO

Vacant

COO

Vacant

CFO

Vacant

CREAO

Vacant



CHRO

Aster Abebe

CSO

Vacant

SENIOR MANAGEMENT MEMBERS



Marketing and Partnerships Director

Melka Girma



Product Director

Rediet Tsigeberhan



Project Management Director

Tesfaye Getnet



Enterprise Architecture and IT Director

Behailu Sintayehu

Contact Center Director

Vacant



Strategic Sourcing Director

Nuredin Ayub

Communications and Public Relations Director

Vacant



Finance Manager

Yonas Ewketu



General Legal Counsel

Hirko Alemu

CHIEF EXECUTIVE OFFICER'S STATEMENT



Bernard Laurendeau

On behalf of the entire Management of Arifpay and on my own behalf, I would like to sincerely congratulate all respected Shareholders, Board of Directors, Management and Team Members on achieving significant milestones in 2022 paving the way for strong operational performance in 2023. All our partners equally deserve recognition for their continuing support.

In November 2021, Arifpay became the first Fintech to take advantage of the 'Licensing and Authorization of Payment System Operators No. ONPS/02/2020' Directive from the National Bank of Ethiopia, hence turning into a licensed financial institution operating as a Payment System Operator (PSO). My predecessor was hard at work since then in building relationships with banks and laying the foundations internally, especially by building a strong and resilient technical team. In April 2022, the Arifpay state-of the-art headquarters was inaugurated in the presence of H.E Dr. Huria Ali, State Minister at the Ministry of Innovation and Technology.

When I took over as the CEO of Arifpay in mid-June 2022, Arifpay was an early-stage startup with technical capabilities. Arifpay was akin to an airplane on a tarmac before takeoff, with limited payload and in the process of finding the taxiway.

Along with the Board and with the support of all Shareholders and external stakeholders, we made it our goal to turn Arifpay into a growth startup before the end of 2022 with specific areas to be strengthened: People, Process, Product, Partners, Pricing, and Promotion (6P's).

People

A pre-requisite for an airplane to be given the green light from the tower to push from the gate is to have a pilot, co-pilot and all cabin crew fully on-board. Hence it was a must at Arifpay to build a strong management team with an operating model putting equal emphasis on Product Management and Partnerships & Marketing, and with support functions following global best practices and yet tailored enough to Ethiopian idiosyncrasies. Arifpay's H2 2022 operating model was built upon 5 fundamental tenets that ensured we could build a high-performance team: Accountability, Scalability, Checks & Balances, Flexible Staffing, and High Utilization.

Process

Before pushing from the gate, going through checklists is a must to ensure a safe flight. Hence, Arifpay embarked on the development of key company guiding documents such as the Project Management Methodology, Strategic Sourcing Playbook and Partner Onboarding Playbook. These procedures, on top of other operational manuals, are living documents that the team will continuously improve to ensure rapid growth and constant ascent.

In addition, since Arifpay evolves in a highly regulated industry with financial regulatory requirements, we have built internal capacity to constantly follow the laws and regulations of
the land, and beyond, so that global best practices are adopted for Cybersecurity, Anti-Money Laundering (AML), and more.

Product

In H1 2022, the concept of portfolio of products was introduced, products were assessed from a technical standpoint, and the readiness of each feature was stress-tested. From this exercise, clarity of the portfolio emerged, and it was decided to focus on our ArifPOS product, build a strong roadmap for additional features in the future, and strengthen our ArifGateway offering.
Clarity in products gives confidence in what the company needs to focus on as its core competency, while outsourcing non-core activities such as back-office commodity processes that can be performed at a lower cost and at a higher quality. Clarity in products is also a must so we know exactly what we are offering to our payload before we onboard it.

Partners

For both our ArifPOS and ArifGateway products, our payload is primarily the list of merchants we are able to attract. But it can be a very tiring, costly and deadly exercise to onboard each merchant directly and individually. When going to market, we decided to create partnerships with different types of channel partners (Value Added Resellers (VAR), System Integrators, Banks, Training Agencies, IT Consultancies, and more) so that we can onboard merchants at a much faster rate, while sharing revenue with our partners. For digital payments, reaching network effect is crucial. By rapidly increasing the number of merchants and keeping a steady overhead, the marginal cost to serve end users diminishes. This in turn ensures the price we charge to our customers remains highly competitive, and fair to the consumer especially under the surveillance of the tower embodied by the National Bank of Ethiopia.

Pricing

With its current portfolio, Arifpay follows purely a transaction fee business model. But the main target in this model is tapping into transactions with highest volumes, rather than highest amounts. To optimize revenue while following NBE guidelines, the pricing we defined was based on evidence and with a clear goal to increase money-velocity in Ethiopia, one of the causes for inflationary dynamics in the economy.

Promotion

After having completed all the requirements per NBE's directive, Arifpay became the first PSO to receive a Commercialization Permission in November 2022. With a strong team in place, processes developed, clear product offerings, initial partners onboarded, and pricing set, it was time for Arifpay to pick up the microphone to make a public announcement. On December 15, 2022, Arifpay successfully organized a Commercial Launch Ceremony in the presence of high-level government officials including Ministers and State Ministers, as well as executives from large corporations. The ceremony was preceded by a session explaining modalities for partnerships, as well as the unveiling of Arifpay 1.0.
By the end of 2022, Arifpay had grown into a growth startup.

The Arif airplane has now made its way down the taxiway and is lined up in front of the runway, waiting for takeoff. Looking ahead, to make the ascent a successful one, a few activities will need to be undertaken. Takeoff requires maximum horsepower and optimal payload.

Indeed, a second wave of recruiting will be necessary in H1 2023 to solidify the team.
Our H1 2023 operating model and organizational structure is built for agility, adapting to the maturity level of the organization rather than being set in stone, while ensuring sustainability at all levels: C-suite, Management and Staff levels.

We will follow local best standards for compensation, benefits and overall people packages with a healthy churn target customized to each department.

We will continue to build the team from bottoms-up, build leaders, initiate succession planning activities at the management level but remain open to recruiting external horsepower to build our C-suite.

We will fully onboard all our key commercial partners with live transactions. Onboarding them requires several sales cycles which we will try to shorten by using best-in-class enterprise systems and marketing tactics.

We will engage in mass promotion for consumers so that when merchants and consumers finally meet to process a transaction, they will be speaking the same Arif language and products.

We will engage with governmental and non-governmental partners on top of commercial ones. We intend to continue our technical partnerships such as the integration with the National Digital ID program, but we will also continue the lobbying and business advocacy exercise which remains one of Arifpay's key differentiators. Indeed, we intend to work closely with the regulator and policy maker, learning from them, building their capacity, while ensuring the end goal is met: a satisfied Ethiopian consumer, treated with dignity, having access to digital payment services at a fair price with value added constantly.

Financially, the takeoff will be costly, we will share revenue with partners, ensure user adoption by spreading our products in all sectors rapidly. But we intend to cover all our operating costs by the end of 2023 and start to generate operating profit early 2024.

Organizationally, the takeoff will be rewarding as it will constitute a litmus test for our internal capacity and question whether we have grown from a growth startup into a corporation.

Once we reach cruise altitude around Q3 2023, we will diversify our products: Arifpay 2.0 will be announced per our product roadmap, and more products will be envisioned (e.g. remittance, credit, etc.).
At the end of 2023, we will start strategizing about non-organic growth activities.

There will be some tailwinds especially with Ethiopia's economy expected to score higher economic growth in 2023. But there will be some headwinds as well, external ones such as the expected currency devaluation and probably internal forces too. But we expect internal challenges to decrease dramatically in 2023, unlike the ones experienced in H2 2022 that almost grounded the Arif airplane.

Our positioning in Ethiopia's rapidly evolving financial services sector is one that we will watch closely especially at the C-level, and we will pivot accordingly.

However, our ethos will always remain firm: to be the digital payment infrastructure for all banks.

Respected Shareholders, Board of Directors, Management and Team Members: I invite you to remain firm in your confidence in Arifpay and be part of the digital payment revolution in our country.

PICTORIAL PRESENTATION OF MANAGEMENT MEETING



Arifpay has completed some crucial milestones: regulatory, partnerships, product dev, ops, etc. The Management team is assessing the company's readiness for commercial launch.

Nov 11 2022

REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

The Arifpay Board of Directors is honored to present the Arifpay Annual Report and Audited Financial Statements for the Financial Year ended July 7, 2022 to the Annual Shareholders Meeting of its esteemed Shareholders.

Internally, the reporting period and the rest of the calendar year 2022 was a period of preliminary organizational and administrative establishment, initial partnership formation, regulatory alignment, strategic transformation, product portfolio rationalization and strategic market positioning.
Externally, the period was one where slowdown in global economic growth was experienced.
In 2020 and 2021 the negative effects of the Covid 19 pandemic were immense, and in 2022 the war between Russia and Ukraine exacerbated the situation with effects on supply chains and global inflation. Domestically, the inflation was rampant and economic growth decreased dramatically. The banking sector saw the entrance of new banks, some of which were previously established as microfinance institutions, and the upcoming entry of foreign banks was confirmed. Some Payment System Operators (PSO) and Payment Instrument Issuers (PII) were also established during this period.
In this backdrop of economic slowdown and multiple crises, the entrance of new financial institutions and payment operators in the industry, Arifpay saw an opportunity for establishing foundations in 2022.

Preliminary organizational and administrative establishment

Indeed, in early 2022, Arifpay embarked on the recruitment of key roles such as a financial consultant to handle all sensitive financial information and fiscal reporting to authorities. The management also proceeded to the opening of bank accounts for operating expenses. Blocked bank accounts opened by the order of National Bank of Ethiopia (NBE) for depositing funds for shares contribution by founding shareholders at the pre-incorporation phase were closed per NBE rules.
Manuals and guidelines for HR and Finance were also developed.
The branding of the company was outsourced to an agency which successfully developed the branding guidelines for Arifpay.
An office space for rent was also identified in a building which met all the requirements of the NBE.
A server was installed on premise. The interior of the office was redesigned to offer a state-of-the-art space to employees, offering an environment prone for innovation, professionalism and compliance. The Arifpay office was inaugurated on April 14th, 2022, in the presence of H.E Dr. Huria Ali, State Minister at the Ministry of Innovative and technology.



In addition, a company vehicle was purchased to decrease business related transportation costs for employees.



Initial partnership formation

Partnership discussions were initiated in H1 2022 with multiple banks (Amhara, Abyssinia, Zemen, Awash, Hibret bank, Enat bank) and some continued (Abay bank)
Multiple testing processes occurred with all these banks including with the PSS switch.
In addition to the company's mainstream revenue generating business segment, Arifpay partnered with Buna Bank S.C, to sell Airtime. This allowed the company to generate a moderate level of income thereby enabling the company to convert some of its operating expenses.
Collaboration efforts with the Information Network Security Agency (INSA) also continued as part of the MoU signed in late 2021. The MoU included a partnership on 'Derash', a product developed by INSA as a public utility to aggregate nationally utility bills such as electricity and water.



Regulatory alignment

In late 2021, the NBE granted Arifpay the first-ever license for a PSO, a year after the central bank issued a directive allowing non-financial companies to operate in the financial sector. However, the license did not represent a green light for Arifpay to operate commercially.

Indeed, the PSO directive No. ONPS/02/2020 and subsequent guidelines include a period of piloting, testing, and inspecting. In 2022, Arifpay familiarized itself with all the guidelines and set out on a journey to implement them and remain compliant per all the requirements of the regulatory body.

After a long journey of testing and piloting, Arifpay request for inspection by NBE in view of commercialization was accepted. The inspection successfully occurred on October 18, 2022. Arifpay subsequently received its Commercialization Permission from the NBE on November 25, 2022.



In H2 2022, Arifpay went event above and beyond what was expected from the regulatory body and organized ecosystem-wide sessions to enhance the standards followed by all operators in the sectors, as well as the knowledge base, with panels and workshops.



Strategic transformation

In Q2 2022, the Board deemed that a search for a new CEO was necessary to bring Arifpay to a new level and position the organization for corporate operations and growth. A committee was formed including the Arifpay founder who contributed a great deal to the establishment of the fintech. Our new CEO, Bernard Laurendeau, was onboarded in June 2022 and a strategic plan was defined soon thereafter.

The CEO proposed a set of strategic initiatives that Arifpay needed to embark upon to execute on its vision for digital payments and to launch fully its digital payment solutions. The Board fully endorsed the initiatives with a total budget for the period between August and December 2022 of ETB 11.5 million. A target operating model and organizational structure was defined and most of the budget was spent on recruiting top-notch talent for Product, Operations, Partnerships and Shared Services such as Strategic Sourcing, Project Management Office (PMO), Contact Center, and PR/Communications. Finding excellent talent remains a challenge in Ethiopia where experienced middle-managers are rare.

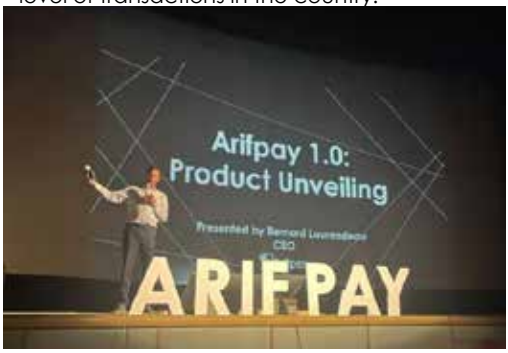
In terms of digital Infrastructure, all forex-based expenses were successfully shifted by sourcing services from locally based providers. A preliminary system architecture was also put in place in Q4 2022 to automate internal processes. Significant cost savings were made by leveraging open-source tools and customizing them per our internal needs instead of purchasing expensive off-the-shelf solutions, most of which are sold in forex.

Arifpay also avoided costs on promotion efforts by producing content and defining the Communications/PR strategy in-house, without the need of hiring an external agency. In the end, from the approved budget, only 6.8 million ETB was used leaving 5.1 million ETB available for FY2023.

	Actual	Budget	Variance
Personnel expenses	(4,349,114)	(6,525,000.00)	2,175,885.76
Professional fee	(587,277)	(1,056,000.00)	468,722.54
Advertising Fee	(416,523)	(2,250,000.00)	1,833,477.41
Cost of ArF digital infrastructure	-	(350,000.00)	350,000.00
Contact center management	-	(400,000.00)	400,000.00
Rent	(996,000)	(950,000.00)	(46,000.00)
General and admin costs	(477,960)	(190,000.00)	(287,959.83)
Net operating loss	(6,826,874)	(11,521,000)	5,182,086

Product portfolio rationalization

In H2 2022, all our products were stress-tested, and we also rationalized our offerings while focusing our direct partnerships efforts.
From a Product standpoint, the team focused on the ArifPOS as it prioritized it from a user adoption strategy perspective. All edge issues and bugs were fixed, and a clear product roadmap and strategy was defined by the newly appointed Product team. The team also continued its developments efforts on the ArifGateway although it was de-prioritized for the Commercial Launch given the very low level of transactions in the country.



Strategic market positioning

Arifpay is positioning itself as the digital payment infrastructure for the banking sector in Ethiopia. Onboarding merchants and end users hence becomes a priority.
It was decided by the team that the appropriate merchant recruiting strategy was one that involved an ecosystem of channel partners. This ensures the rapid onboarding of merchants and if Arifpay can maintain a stable overhead, this strategy will allow us to incrementally decrease the marginal cost to serve our end-users, and we will be able in turn to bring prices for our services down.
This is essential not only in terms of customer satisfaction but also for regulatory alignment as it is a requirement for Arifpay to treat consumers fairly per NBE's guidelines.
As a fully licensed financial institution, Arifpay is allowed to go directly to merchants and sell POS hardware at cost while providing its services through a business model it deems appropriate. However, this process is costly and although we intend to onboard as many Micro, Small and Medium-sized Enterprises (MSME's) as possible, we intend to do so through our channel partners which include the banks.



Our integration to the national switch, EthSwitch, is also a privilege we obtained as a fully licensed financial institution. EthSwitch is a national payment system switch owned by banks (private and public) operating in Ethiopia. It has been established mainly to develop and institute domestic payments schemes to create interoperability between financial and payment service providers and provide shared infrastructure platforms to financial institutions.

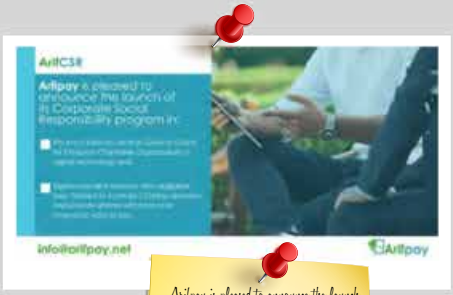


Arifpay is positioning itself as a strategic partner to EthSwitch which is key to enable our digital payment services aspirations.



In H2 2022, we went one step ahead from simply becoming a member of EthSwitch, we decided to also make an investment.
The minimum investment to become an EthSwitch shareholder for ArifPay was 5% of Arifpay's registered capital and we have signed the agreement with them. In the 2021/22 fiscal year, EthSwitch S.C. net profit before taxes soared by 153% from last year to 221 million ETB.

CORPORATE SOCIAL RESPONSIBILITY



Arifpay is pleased to announce the launch of its Corporate Social Responsibility program (ArifCSR) to provide pro bono service grants and digital payment solutions at negligible fees.



Apart of our ArifCSR Program, we had a fruitful meeting with the Deborah Foundation team on the areas of collaboration and partnership to meet our common goal.



Deborah Foundation is an NGO dedicated to improving Ethiopian children and youth with Down syndrome through support in the areas of education, health and policy advocacy. Est: 2019.
Thank you Meaza Tafesse Goredew, MPA for inviting us to be part of this great moment and for choosing us to be part of your great vision. Deborah Foundation.

TALENT PIPELINE AND NATIONAL RESPONSIBILITY



Unemployment and underemployment is a significant problem in Ethiopia; the youth deserve all the opportunities the labor market can offer.
In addition to the ArifGraduate and ArifIntern programs, Arifpay is proud to launch the ArifVolunteer program.



Linkage between #Ethiopian campuses and the industry is seldom existing. # ArifPay considers it a national responsibility to link young bright students with the industry. If you are a student #graduating in #2022batch in Computer Science or IT, creative, critical thinker, interested in fintech and #digitalpayments then our Graduate Program is designed for you.
#ArifPay is launching an ArifGraduate Program as a one year career prep that will bridge you to your #professional path.



Arifpay is looking for interns who will bring diverse backgrounds, skills and perspectives to the organization. Over the course of the internship, our interns will gain hands on work experience, contribute to real, client-facing projects, develop solid time management skills and learn how to maintain a healthy work/life balance.

BUSINESS PERFORMANCE REPORT

BUSINESS PERFORMANCE AND FINANCIAL REVIEW

Financial results for the pre-operation period ended July 7, 2022, was ETB 5.1m loss, representing various operational and foundational work the company performed that paved the way for Arifpay commercialization permission.

Arifpay Financial Technology Share Company Statement of Profit or Loss for The Period Ended 7 July 2022

	7 July 2022 ETB'000
Revenue	
Air time sales	12,614
Cost of air time	(12,366)
Gross profit	247
Operating expenses	(6,272)
Loss before interest, foreign exchange gain and tax	**(6,024)**
Foreign exchange gain, unrealized	848
Interest income on bank deposit	39
Loss before tax	**(5,138)**
Income tax (expense)/credit	-
Loss for the period	**(5,138)**

Cash Flow Management

Our overall cash management was robust with mechanisms and internal controls implemented to help the company generate cash inflow until it starts to commercially engage in its core business operations.

Acquisition of office furniture and equipment, setting up the company office structure and office rent payments were one of the major cash outflows during the period under review.

Arifpay Financial Technology Share Company Statement of Cash Flows for The Period Ended 7 July 2022

	7 July 2022 ETB, 000
Net cash used in operating activities	**(4,621)**
Cash flows from investing activities:	
Acquisition of furniture, fixture and office equipment	(8,064)
Pre-operational expenses	(1,797)
Net cash used in investing activities	**(9,861)**
Cash flows from financing activities	
Capital contribution	39,665
Net cash generated from financing activities	**39,665**
Net increase in cash and cash equivalents	**25,183**
Movement in cash and cash equivalents:	
At beginning of the period	-
Net increase in cash and cash equivalents	25,183
Cash and Cash Equivalents as at 7 July	**25,183**

Balance Sheet and Highlights

Capital Investment – During the period under review Arifpay received capital contribution in kind of ETB 40M from its shareholders representing mobile application software developed by nine shareholders of the company.

There was no other major investment in fixed asset during the period under review except investment in acquisition of office furniture, office equipment, and laptop computers amount to ETB 8M.

Working Capital – Out of the company total subscribed capital, ETB 140M, the company has ETB 63M unpaid subscribe capital, which is reported as receivable from shareholders in the company financial position.

As of the end of the reporting period the company current ratio, cover of current asset to liabilities, stood at 43x. indicating a strong working capital funding and company's ability to settle its liabilities when they fall due.

Risk Management – Management is enhancing our risk management framework to enable us to manage the complexities and increasing uncertainties within the local and international business environment. The current risk exposure of Arifpay is limited mainly to foreign currency risk related to the impact of changes in foreign exchange rates on the company's ability to acquire various types of POS devices and operation infrastructures. Management focus is on managing the foreign currency risk within acceptable levels to minimize value erosion. We maintain some level of foreign exchange denominated account as a mitigation measure against this risk.

Our risk management approach includes policies to guide operations, set appropriate risk limits and controls and importantly monitor compliance to the set limits and regulatory requirements.

We have also revamped our structure with a dedicated unit on risk compliance and control in addition to ongoing training and standard operating procedures to maintain the right control environment and awareness among employees.

Arifpay Financial Technology Share Company
Financial Position as at 7 July 2022

	7 July 2022 ETB'000
ASSETS	
Non-current assets	
Property, plant and equipment	7,775
Patent right	38,926
Preoperational	1,676
Total non-current assets	48,377
Current assets	
Receivable from subscribed shares	60,335
Trade and other receivables	2,564
Inventory	134
Shareholder account	289
Cash at banks	25,183
Total current assets	88,504
Total asset	136,881
EQUITY AND LIABILITIES	
EQUITY	
Share capital	140,000
Accumulated loss	(5,138)
Total equity	134,862
Current liabilities	
Trade and other payables	520
Shareholders' account	1,500
Total current liabilities	2,020
Total liabilities	2,020
TOTAL EQUITY AND LIABILITIES	136,881





OUR OBSESSION IS USER ADOPTION. PUSHING USERS. NOT BULLYING THEM.
WE NEED PARTNERS. REINVENTING THE VALUE CHAIN UNTIL THE END USER, BY INTEGRATING AND RALLYING CHANNEL PARTNERS.

ALWAYS ADDING VALUE TO THE END USER.

Contact Us

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