

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

Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020

Together with Limited Review Report



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*Translation of Review
Report Originally Issued in Arabic*

Limited review report on the condensed consolidated interim financial statements

**To: The Board of Directors of Fawry for Banking Technology and Electronic Payments
"Egyptian Joint Stock Company"**

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed consolidated interim statement of financial position as of June 30, 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these condensed consolidated 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 consolidated 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 consolidated interim financial statements do not present fairly in all material respects the consolidated financial position of the entity as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the six months period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo - August 13, 2020


**Kamel Magdy Saleh, FCA
FRA Register No. "69"
F.E.S.A.A. (R.A.A. 8510)**



Translation of financial statements

Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of financial position
As of June 30, 2020

	<u>Note No.</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
<u>Non-current assets</u>			
Fixed assets (net)	(4)	222 267 789	233 899 441
Intangible assets (net)	(5)	146 318 212	125 381 225
Projects under construction	(6)	10 658 753	8 092 539
Investments in associates	(7)	1 266 202	3 414 051
Investments in joint ventures	(8)	1 586 591	1 704 261
Total non-current assets		382 097 547	372 491 517
<u>Current assets</u>			
Inventory		105 542	109 339
Accounts and notes receivable	(9)	78 767 417	29 096 969
Micro finance loans (net)	(10)	173 181 144	117 229 195
Advances to service providers		404 366 066	202 366 328
Debtors and other debit balances	(11)	34 582 940	47 189 197
Due from related parties	(12)	18 008 014	10 330 169
Loans to related parties	(13)	37 816 579	27 816 579
Treasury bills	(14)	469 484 587	241 709 925
Cash and cash at banks	(15)	337 707 209	442 661 921
Total current assets		1 554 019 498	1 118 509 621
Total assets		1 936 117 045	1 491 001 138
<u>Equity</u>			
Issued and paid-up capital	(16)	353 652 060	353 652 060
Legal reserve		37 799 312	32 465 079
Retained earnings		185 710 466	98 414 435
Business combination reserve		5 841 596	5 841 596
Net profit for the period/year		70 462 616	102 903 064
Total equity for the parent company		653 466 050	593 276 234
Non controlling interest		21 736 130	33 648 419
Total equity		675 202 180	626 924 653
<u>Non-Current liabilities</u>			
Deferred tax liability	(17)	5 093 376	3 958 566
Total non current liabilities		5 093 376	3 958 566
<u>Current liabilities</u>			
Provision	(18)	19 782 142	18 762 142
Banks overdrafts	(19)	23 292 111	--
Accounts and notes payable	(20)	17 429 306	16 949 634
Accounts payable- billers	(21)	777 537 684	437 368 051
Merchants advances		248 782 667	218 095 480
Retailer's POS security deposits		26 619 279	23 116 484
Creditors and other credit balances	(22)	120 869 157	106 497 282
Current income tax		21 509 144	39 328 846
Total current liabilities		1 255 821 490	860 117 918
Total equity and liabilities		1 936 117 045	1 491 001 138

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

Chief Financial Officer
Abdel Meguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Auditor's review report attached.

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

Condensed consolidated interim statement of Profit or Loss

For the six months ended June 30, 2020

Note No.	Six months ended		Three months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	EGP	EGP	EGP	EGP
		Restated (note 37)		Restated (note 37)
Operating revenues	(24) 549 265 841	373 338 888	291 269 254	199 457 223
Less:				
Operating costs	(25) (252 551 034)	(195 585 761)	(130 829 069)	(102 147 875)
Gross margin	296 714 807	177 753 127	160 440 185	97 309 348
Add (Less):				
General and administrative expenses	(26) (113 929 450)	(75 808 568)	(57 806 264)	(39 029 970)
Board of directors allowance expenses	(405 000)	(861 000)	(277 500)	(456 000)
Selling and marketing expenses	(27) (86 309 638)	(56 056 737)	(48 004 412)	(30 788 691)
Health insurance symbiotic contribution	(1 744 313)	(939 750)	(890 294)	(517 946)
Formed provisions	(18) (1 020 000)	(900 000)	(510 000)	(450 000)
Net provision for micro finance loans	(10) (2 625 141)	(683 394)	81 797	(591 518)
Other operational expenses	--	(3 326 292)	--	(3 326 292)
Gain on disposal of fixed assets	563 142	3 112 129	182 880	1 498 872
Other revenues	1 379 591	1 371 407	579 794	710 379
Operating profit	92 623 998	43 660 922	53 796 187	24 358 182
Credit interest	28 460 182	29 304 345	13 971 753	10 394 983
Finance costs	(6 877 906)	(6 594 073)	(3 960 067)	(2 850 535)
Share of investments in associate losses	(29) (2 265 519)	(8 682 103)	(804 819)	(4 931 768)
Foreign currency translation exchange loss	289 391	(3 677 296)	44 730	(913 079)
Other expenses	--	(3 626 982)	--	(3 626 982)
Profit for the period before tax	112 230 146	50 384 813	63 047 784	22 430 801
Current income tax	(25 139 931)	(15 287 018)	(14 644 450)	(7 840 995)
Deferred tax	(17) (1 116 115)	1 381 943	(476 828)	981 958
Net profit for the period after tax	85 974 100	36 479 738	47 926 506	15 571 764
Distributed as follows:				
Net profit for the parent company	70 462 616	26 538 011	39 535 882	10 059 986
Net profit for the non controlling interest	15 511 484	9 941 727	8 390 624	5 511 778
Net profit for the period after tax	85 974 100	36 479 738	47 926 506	15 571 764
Earnings Per Share	(31) 0.10	0.04	0.06	0.01

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

Chief Financial Officer

Abdel Meguid Afifi



Chief Executive Officer

Ashraf Sabry



Chairman

Saifallah Coutry



Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of comprehensive income
For the six months ended June 30, 2020

	<u>Six months ended</u>		<u>Three months ended</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
		<u>Restated (note 37)</u>		<u>Restated (note 37)</u>
Net profit for the period	85 974 100	36 479 738	47 926 506	15 571 764
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income for the period	<u>85 974 100</u>	<u>36 479 738</u>	<u>47 926 506</u>	<u>15 571 764</u>
Distributed as follows:				
Comprehensive income for the parent company	70 462 616	30 967 960	39 535 882	14 489 935
Comprehensive income for the non controlling interest	15 511 484	5 511 778	8 390 624	1 081 829
Total comprehensive income for the period	<u>85 974 100</u>	<u>36 479 738</u>	<u>47 926 506</u>	<u>15 571 764</u>

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

Chief Financial Officer
Abdel Meguid Afifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry



Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of changes in equity
For the six months ended June 30, 2020

Note No.	Issued and paid up capital	Legal reserve	Retained Earnings	Business combination reserve	Net profit for the year/Period	Total equity of the parent	Non controlling interest	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
(37)	353 652 060	28 993 362	46 678 447	5 841 596	56 642 314	491 807 779	12 414 564	504 222 343
			14 463 845			14 463 845		14 463 845
	353 652 060	28 993 362	61 142 292	5 841 596	56 642 314	506 271 624	12 414 564	518 686 188
(37)					26 538 011	26 538 011	9 941 727	36 479 738
					26 538 011		9 941 727	36 479 738
		3 559 633	53 170 597		(56 642 314)	87 916	4 900 009	4 987 925
			(15 898 451)			(15 898 451)	(11 151 728)	(27 050 179)
		3 559 633	37 272 146		(56 642 314)		(6 251 719)	(22 062 254)
(37)	353 652 060	32 552 995	98 414 438	5 841 596	26 538 011	516 999 100	16 104 572	533 103 672
	353 652 060	32 465 079	98 414 435	5 841 596	102 903 064	593 276 234	33 648 419	626 924 653
					70 462 616	70 462 616	15 511 484	85 974 100
					70 462 616		15 511 484	85 974 100
		5 334 233	97 568 632		(102 903 065)			
			(10 272 800)			(10 272 800)		(10 272 800)
							(27 423 773)	(27 423 773)
							(27 423 773)	(37 696 573)
		5 334 233	87 296 032		(102 903 065)	(10 272 800)	21 736 130	675 202 180
	353 652 060	37 799 312	185 710 466	5 841 596	70 462 616	653 466 050		

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

Chief Financial Officer
Abdel Meguid Affi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coudry

Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of cash flows
For the Six months ended June 30, 2020

	Note	Six months ended	
		June 30, 2020	June 30, 2019
		EGP	EGP
			Restated (note 37)
Cash flows from operating activities:			
Net profit for the period before tax		112 230 146	50 384 813
Adjusted by:			
Depreciation and amortization during the period	(6-7)	41 407 838	27 637 325
Formed provisions	(22)	1 020 000	900 000
Net provision for micro finance loans	(13)	2 625 141	683 394
Credit interest		(28 460 182)	(29 304 345)
Share of investments in associate and joint venture's losses	(29)	2 265 519	8 682 103
Unrealized foreign currency exchange (gain) losses		(289 391)	3 677 296
Gain on disposal of fixed assets		(563 142)	(3 112 129)
Finance expenses		6 877 906	6 594 073
Operating profit before changes in working capital		137 113 835	66 142 530
Changes in Working capital			
Decrease in inventory		3 797	6 294 819
(Increase) in advances to service providers		(201 999 738)	31 595 922
(Increase) in debtors and other debit balances		(8 272 608)	(15 474 675)
(Increase) in accounts and notes receivable		(52 295 589)	(28 697 191)
(Increase) in customers' loans, net		(58 577 090)	(28 729 986)
(Increase)/ Decrease in due from related parties		(7 677 846)	5 272 538
Increase/(Decrease) in accounts and notes payable		479 672	(2 069 784)
Increase in accounts payable- billers		340 169 633	468 269 893
(Decrease) in merchants prepaid balances		30 687 187	15 893 120
Increase in retailer's POS security deposits		3 502 795	1 310 501
Increase in creditors and other credit balances		14 371 875	24 568 844
(Decrease) in due to related parties		--	(7 132 827)
paid income tax		(19 436 935)	(28 477 696)
Proceeds from credit interest		28 460 182	29 304 345
provisions used		--	(5 163 434)
Net cash provided from operating activities		206 529 171	532 906 919
Cash flows from investing activities			
(Payments) to acquire fixed assets		(21 080 858)	(62 819 793)
(Payments) for projects under construction		(2 566 214)	(175 139)
(Payments) to acquire intangible assets		(30 244 232)	(31 469 864)
Proceeds from selling fixed assets		1 175 059	3 558 622
Payments to invest in associates and joint ventures		--	(5 122 260)
Payments in loans to related parties		(10 000 000)	(8 201 167)
Net movement of treasury bills - more than three months		(202 331 369)	104 505 249
Net cash flows (used in) provided by investing activities		(265 047 614)	275 648
Cash flows from financing activities			
Non-controlling interest share from dividends distributed in subsidiaries		--	4 900 009
Net receipts from Banks overdrafts		23 292 111	--
Dividends distribution Paid		(37 696 573)	(15 860 998)
Finance expenses paid		(6 877 906)	(5 269 205)
Net cash (used in) financing activities		(21 282 368)	(16 230 194)
Net change in cash and cash equivalents during the period		(79 800 810)	516 952 373
Cash and cash equivalents at beginning of the period		620 642 024	571 868 316
Exchange rate changes on cash and cash equivalents		289 391	(3 677 296)
Cash and cash equivalents at end of the period	(15)	541 130 605	1 085 143 393

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

Chief Financial Officer
Abdel Meguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2020

1. General information

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in March 2011. The company was re-registered at the commercial register of the 6th of October under No. 1333 in 19 July 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 interim condensed consolidated financial statements authorized for issuance at the Board of Directors meeting held on August 13, 2020.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the Egyptian Accounting Standards No. (30).

3. Basis of preparation of the consolidated financial statements

The condensed consolidated interim financial statements have been prepared using the same accounting policies that have been applied in the prior year. The condensed consolidated interim financial statements should be read with conjunction with the consolidated annual financial statements as of 31 December 2019.

Initial application of new Egyptian Accounting Standards "EAS"

The Supreme Committee met to review the Egyptian accounting standards, and limited review and other assurance according to the decision of the Prime Minister No. 909 of 2011 in order to study the effects of Ministerial decision No. 69 of 2019 that was issued for the purpose of adding and modifying some of the Egyptian accounting standards to be applied from the beginning of the current year 2020.

According to the current circumstances that the country is going through as a result of the outbreak of the new COVID-19 and the related economic and financial implications associated with it, in addition to the implementation of preventive measures and facing the spread of imposing restrictions on the presence of human resources in companies at full capacity on a regular basis.

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

Notes to the Condensed Consolidated interim Financial Statements

For the six months ended June 30, 2020

The Committee agreed to postpone the application of the new Egyptian Accounting Standards and the accompanying amendments issued by decision No. 69 mentioned above to the interim financial statements that will be issued during the year 2020 that companies apply these standards and these amendments to the annual financial statements of these companies at the end of 2020 and include all accumulated effects for the year by the end of 2020.

The committee preferred to record of the accumulated effects for the whole year to the annual financial statements, with companies' committing to disclose in their interim financial statements during 2020 about this fact and its accounting impact, if any.

Favry for Banking and Payment Technology Services S.A.E.
Notes to the Condensed Consolidated Financial Statements
For the Six months ended June 30, 2020

4. Fixed assets - Net

	Note No.	Land	Building	Networks and Servers		Point of sales machines		Computers		Furniture and Office equipment		Leasehold Improvements		Vehicles		Tools and Equipment Super Favry		Favry Branches		Total	
				EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP		EGP
Cost																					
As of January 1, 2019 (restated)*	(37)	25 970 500	41 129 500	22 681 125	141 679 732	48 316 595	7 908 369	12 374 459	149 300	641 766	--	3 286 435	107 298 915	--	--	--	--	--	--	300 851 346	
Additions during the year		--	--	34 769 344	64 105 933	3 452 843	1 326 431	357 929	--	--	--	--	--	--	--	--	--	--	--	3 286 435	
Disposals		--	--	--	(6 041 373)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(6 041 373)	
As of December 31, 2019		25 970 500	41 129 500	57 450 469	199 744 292	51 769 438	9 234 800	12 732 388	149 300	641 766	--	3 286 435	402 108 887	--	--	--	--	--	--	403 108 887	
As of January 1, 2020		25 970 500	41 129 500	57 450 469	199 744 292	51 769 438	9 234 800	12 732 388	149 300	641 766	--	3 286 435	402 108 887	--	--	--	--	--	--	403 108 887	
Additions during the period		--	--	1 301 149	16 544 820	2 669 232	418 322	--	--	--	--	--	--	--	--	--	--	--	--	21 080 858	
Disposals		--	--	--	(2 565 078)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(2 565 078)	
As of June 30, 2020		25 970 500	41 129 500	58 751 618	213 724 034	54 438 670	9 653 122	12 732 388	149 300	641 766	--	3 433 770	420 624 666	--	--	--	--	--	--	420 624 666	
Accumulated depreciation																					
As of January 1, 2019 (restated)*	(37)	--	2 142 162	18 524 859	77 552 873	13 323 883	3 994 150	4 683 951	134 370	621 213	--	54 574	52 469 323	--	--	--	--	--	--	120 977 461	
Depreciation for the year		--	1 028 238	15 157 939	29 306 337	3 269 403	1 410 496	2 206 882	14 928	20 526	--	54 574	52 469 323	--	--	--	--	--	--	54 574	
Depreciation of disposals		--	--	--	(5 237 338)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(5 237 338)	
As of December 31, 2019		--	3 170 400	33 682 798	101 621 873	16 593 286	5 404 646	6 890 833	149 298	641 739	--	54 574	168 209 446	--	--	--	--	--	--	168 209 446	
As of January 1, 2020		--	3 170 400	33 682 798	101 621 873	16 593 286	5 404 646	6 890 833	149 298	641 739	--	54 574	168 209 446	--	--	--	--	--	--	168 209 446	
Depreciation for the Period		--	514 119	9 962 431	17 787 095	1 602 714	797 999	1 096 513	--	--	--	339 722	32 100 592	--	--	--	--	--	--	32 100 592	
Depreciation of disposals		--	--	--	(1 953 161)	--	--	--	--	--	--	--	(1 953 161)	--	--	--	--	--	--	(1 953 161)	
As of June 30, 2020		--	3 684 519	43 645 229	117 455 807	18 196 000	6 202 645	7 987 346	149 298	641 739	--	394 296	198 356 877	--	--	--	--	--	--	198 356 877	
Net book value																					
As of June 30, 2020		25 970 500	37 444 981	15 106 389	96 268 228	36 242 670	3 450 477	4 745 042	2	27	--	3 039 474	222 267 789	--	--	--	--	--	--	222 267 789	
As of December 31, 2019		25 970 500	37 959 100	23 767 671	98 122 419	35 176 152	3 830 154	5 841 555	2	27	--	3 231 861	233 899 441	--	--	--	--	--	--	233 899 441	

On April 11, 2019, the Board of Directors decided to pay the remaining obligations of the lease and then purchase the Smart Village building from the leasing company in accordance with the contract between the two parties, and on April 18, 2019, the remaining obligations of the lease were paid in a total amount of EGP 23 847 047. The balance have been adjusted as of 1 January 2019 in order to reflect the initial application of EAS (49) "lease contracts" (Note no. 37).

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

Notes to the Condensed Consolidated interim Financial Statements

For the six months ended June 30, 2020

5. Intangible assets – Net

	<u>Programs' licenses</u>	<u>Programs</u>	<u>Total</u>
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
As of January 1, 2019	19 356 463	99 334 453	118 690 916
Additions during the year	15 701 964	39 807 542	55 509 507
As of December 31, 2019	35 058 427	139 141 995	174 200 422
Additions during the period	289 288	29 954 945	30 244 233
As of June 30, 2020	35 347 715	169 096 940	204 444 655
<u>Accumulated amortization</u>			
As of January 1, 2019	7 183 020	28 702 906	35 885 926
Amortization for the year	3 413 885	9 514 386	12 933 271
As of January 1, 2020	10 601 905	38 217 292	48 819 197
Amortization for the period	1 876 235	7 431 011	9 307 246
As of June 30, 2020	12 478 140	45 648 303	58 126 443
Net Book value As of June 30, 2020	22 869 575	123 448 637	146 318 212
Net Book value, As of December 31, 2019	24 456 522	100 924 703	125 381 225

6. Projects under construction

The increase in projects under construction is mainly due to the additions in programs and licenses by the amount of EGP 2.5 million.

7. Investment in an associates

	<u>No. of Shares</u>	<u>Ownership</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
		<u>%</u>	<u>EGP</u>	<u>EGP</u>
Fawry Plus for banking services	60 000 000	38%	--	--
Bosta	8 744 819	15.97%	1 266 202	3 414 051
Tazcara for Information Technology	10 000	20%	--	--
			1 266 202	3 414 051

The decrease in the item is due to the recognition of the group's share in the losses of Bosta Company by an amount of EGP 2 147 849 during the period.

8. Investment in Joint venture

	<u>Ownership</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Waffarha.com (LLC)	30%	1 586 591	1 704 261
		1 586 591	1 704 261

The decrease in investment in joint venture is due to the recognition of the group's share of loss in Waffarha.com by the amount of EGP 117 670 during the period.

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

Notes to the Condensed Consolidated interim Financial Statements

For the six months ended June 30, 2020

9. Accounts and notes receivable

This increase in accounts and notes receivables is due to an increase in the volume of transactions which have been reflected in an increase in revenue and a relating increase in customers' receivables balance in the amount of EGP 47 804 947 in the addition to the increase in the notes receivable by the amount of EGP 1 865 500.

10. Micro finance loans, (net)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Micro Finance loans to customers	178 995 775	120 418 685
<u>Deduct:</u> Micro finance risk provision (obligatory provision)	(5 814 631)	(3 189 490)
	<u>173 181 144</u>	<u>117 229 195</u>

Micro finance risk provision represented as following:

	<u>Balance as of</u> <u>December 31, 2019</u>	<u>Net of formed</u> <u>during the period</u>	<u>Balance at</u> <u>June 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Micro finance risk provision (obligatory provision)	3 189 490	2 625 141	5 814 631
	<u>3 189 490</u>	<u>2 625 141</u>	<u>5 814 631</u>

11. Debtors and other debit balances

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Vendors – advance payment	2 697 832	366 059
Prepaid expenses	8 663 681	7 283 891
Deposits with others	564 200	512 700
Withholding tax	5 670 375	24 444 197
Other debit balances	9 874 293	9 556 726
Accrued revenues	7 112 559	5 026 624
	<u>34 582 940</u>	<u>47 189 197</u>

The increase in debtors and other debit balances due to an increase in prepaid expenses by an amount of EGP 1.3 and an increase in other debit balance by an amount of EGP 2.3 Million in addition to the increase in accrued revenues by an amount of EGP 2 million.

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

Notes to the Condensed Consolidated interim Financial Statements

For the six months ended June 30, 2020

12. Due from related party

		<u>Account type</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Plus for Banking Services	Current account		9 631 267	2 026 750
Bosta	Current account		7 300 970	7 300 970
Waffarha	Current account		123 076	303 576
Tazcara for Information Technology	Current account		952 701	698 873
			<u>18 008 014</u>	<u>10 330 169</u>

The following are significant related parties' transactions:

		<u>Nature of the Transaction</u>	<u>For the period ended</u> <u>June 30, 2020</u>
			<u>EGP</u>
Fawry Plus For Banking Services (Associate company)	Loan to related parties		10 000 000
	Commissions for electronic payments made through the related party		3 946 492
	Cash collection cost from the related party		(16 505 514)
	Credit interest revenue from the related party		2 053 747

13. Loans to related party

The increase in the loans to related parties mainly due to the increase in the loans granted balance to Fawry Plus for Banking services Co. (associate company) by an amount of EGP 10 Million during the period.

14. Treasury Bills

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	492 700 000	249 100 000
<u>Deduct:</u>		
Unrealized interest	(22 215 413)	(7 390 075)
	<u>469 484 587</u>	<u>241 709 925</u>

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For the six months ended June 30, 2020

15. Cash and cash at banks

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash	62 602 809	18 321 674
Current bank accounts – local currency	26 464 176	217 317 326
E-Acceptance transactions under settlement	19 512 417	19 905 922
Cash collecting agents and companies	207 742 633	146 963 287
Time deposit – local currencies	10 007 656	7 526 610
Time deposit – foreign currencies	8 090 176	26 125 628
Current bank accounts – foreign currencies	3 083 27	6 501 474
Cash and cash at banks	337 707 209	442 661 921

For preparing the cash flow statements, the cash and cash equivalents represented as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	337 707 209	1 075 552 593
Treasury Bills – less than 3 months	203 423 396	9 590 800
	541 130 605	1 085 143 393

16. Capital

The company's authorized capital amounted to EGP 500 million, and the issued and paid-up capital amounted to EGP 353 652 060, divided among EGP 707 304 120 shares of par value EGP 0.5 each.

17. Deferred tax assets/(liabilities)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Deferred tax assets	2 170 955	2 828 936
Deferred tax liabilities	(7 922 312)	(6 787 502)
	(5 093 376)	(3 958 566)

18. Provisions

	<u>Balance as at</u> <u>December 31, 2019</u>	<u>Formed during</u> <u>the period</u>	<u>Balance as at</u> <u>June 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	18 762 142	1 020 000	19 782 142
	18 762 142	1 020 000	19 782 142

19. Banks Overdrafts

On April 7, 2020, an agreement was signed between Fawry for Information Technology and one of local bank to grant the Company a credit facility of a maximum of EGP 80 million at a market rate. The duration of the credit facility starts from April 7, 2020 to February 28, 2021, and the balance on June 30, 2020 amounted to EGP 23 292 111.

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For the six months ended June 30, 2020

On August 7, 2019, an agreement was signed between Fawry for Information Technology and on of local bank to grand the Company a credit facility of a maximum of EGP 50 million at a market rate, and the balance on June 30 2020 nil (31 December 2019: nil).

20. Accounts and Notes Payable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	15 103 968	14 294 769
Notes payable	2 325 338	2 654 865
	<u>17 429 306</u>	<u>16 949 634</u>

21. Accounts payable – Billers

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Billers payable	777 537 684	322 148 856
Billers' Notes payable	--	115 219 195
	<u>777 537 684</u>	<u>437 368 051</u>

22. Creditors and other credit balances

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	31 997 685	24 415 820
Accrued commissions	28 738 699	23 635 261
Unearned revenue	2 540 294	2 662 009
Health insurance contribution	1 695 928	2 656 674
Tax Authority	40 799 081	40 968 718
Social Insurance Authority	2 557 582	133 047
Under settlement transactions	11 876 363	7 509 236
Other credit balances	663 525	4 516 517
	<u>120 869 157</u>	<u>106 497 282</u>

The main reason behind the increase in creditors and other credit balances is the increase in accrued expenses and commissions by the amount of EGP 7.5 million that mainly represents accruals for merchants' fees and bank fees and the decrease of the tax authority balance with EGP 200K, in addition to an increase of under settlement transactions by an amount of EGP 4.3 million.

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Notes to the Condensed Consolidated interim Financial Statements

For the six months ended June 30, 2020

23. Contingent liabilities

The occasional liabilities are represented in the uncovered part of the letters of guarantee issued for the benefit of some parties and entities as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	849 344 625	485 604 625
	<u>849 344 625</u>	<u>485 604 625</u>

- The letters of guarantee facilities obtained from banks amounted to EGP 849.3 million as of June 30, 2020 utilized amount from the banks facilities amounted to EGP 849.3 million in the form of issued letters of guarantee.
- Pursuant to the purchase agreement dated on October 1, 2018, if waffarha.com recognized revenue exceeds certain level of the financial year ended December 31, 2019, Fawry for Banking and Payment Technology Services shall pay prices difference for Waffarha.com old shareholders up to 150% of the first trench (Note No.10). In addition, if Waffarha.com recognized revenue exceed / less certain level of revenue for the financial year ended December 31, 2019, Fawry for Banking and Payment Technology Services shall sell / purchase certain number of quotas for Waffarha.com old shareholders up to 15 Quotas.

24. Operating revenue

Operating revenue has increased due to an increase in volume of transactions during the period ended June 30, 2020.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Transactions services revenues – Collection fees	513 646 297	370 132 402
Other operating revenues	5 674 559	1 419 313
Interest from microfinance activities	29 944 985	1 787 173
	<u>549 265 841</u>	<u>373 338 888</u>

25. Operating costs

The main reason behind the increase in operating costs is the increase of merchants' fees by the amount of EGP 40 million that align with the increased volume of transactions during the period in addition to the increase of cash collection cost by the amount EGP 16 million.

26. General and administrative expenses

The main reason behind the increase in general and administrative expenses is the increase in salaries and wages in the amount of EGP 15.1 million, the increase in depreciation and amortization by an amount of EGP 10.2 million. In addition to the increase in subscriptions expenses, technical support, telecommunication and services centers with an amount of EGP 4.4 million.

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For the six months ended June 30, 2020

27. Selling and marketing expenses

The main reason for the increase in selling and distribution expenses is the increase of the salaries by the amount of EGP 11 million, the increase in selling and marketing commission by an amount of EGP 19 million. In addition to the increase of marketing and advertising expenses by an amount of EGP 671K during the period.

28. Depreciation and amortization

The depreciation and amortization for the period amounting to EGP 41 407 838 was charged to the statement of profits and losses represented in 32 100 592 EGP representing the depreciation of fixed assets Note No. (4) And an amount of 9 307 246 EGP represents the consumption of intangible assets Note No. (5) As follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
		<u>Restated note 37</u>
Operating costs	14 353 664	14 916 826
General and administrative expenses	27 054 174	12 720 499
	<u>41 407 838</u>	<u>27 637 325</u>

29. Group's share of (losses)/profit of investment in associates and joint venture entities

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Fawry Plus For Banking Services	--	(7 568 561)
Waffarha.com	(117 670)	(220 656)
Bosta Inc. Delaware	(2 147 849)	(846 180)
Tazcara for Information Technology	--	(46 706)
	<u>(2 265 519)</u>	<u>(8 682 103)</u>

30. Segment information

The group has two segments representing the major sectors of the group which were reported, and those segments offering different products and services, and those is managed in a separate way because they require different skills or because they have different types of clients. The executive managers of each segment in addition to the head of segment review internal management reports at least once every three months.

The accounting policies of the reportable segments are the same as the group's accounting policies on December 31, 2019, and the profits of each segment represented in the profits were recognized by each segment, which reviewed regularly without any distribution of income tax expense. This considered as a more reliable measurement for the purpose of allocate the segments' resources and assess its performance.

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Notes to the Condensed Consolidated interim Financial Statements

For the six months ended June 30, 2020

A. Segment profit or loss statement

EGP	<u>Revenue</u>		<u>Profit</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Banking technology and E-payment Segment	519 320 856	371 551 715	105 979 682	56 472 138
Micro-Finance segment	29 944 985	1 787 173	6 250 464	(6 087 325)
Total	549 265 841	373 338 888	112 230 146	50 384 813
Net profit before tax			112 230 146	50 384 813
Tax			(26 256 047)	(13 905 075)
Net profit after tax			85 974 099	36 479 738

B. Segment Assets

EGP	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Banking technology and E-payment segment	1 879 747 749	1 362 140 110
Micro-Finance segment	179 205 007	129 302 893
Segment assets before eliminations	2 058 952 756	1 491 443 003
Eliminations	(122 835 711)	(441 865)
Segment assets after eliminations	1 936 117 045	1 491 001 138
Total consolidated assets	1 936 117 045	1 491 001 138

31. Earnings per share

Earnings per share are calculated by dividing the net profit for the period for the parent company by the average number of shares during the period.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP restated</u>
Net profit for the period for the parent company	70 462 616	26 538 011
Average number of shares during the period *	707 304 120	707 304 120
Earnings per share for the period	0.10	0.04

* On May 31, 2020, the Company's Ordinary General Assembly decided to distribute EGP 9.6 Million to employees and distribute EGP 100 Million to shareholders in the form of free shares. The shares did not issued yet, accordingly it did not considered in earnings per share calculation for this period.

32. Tax Position**Corporate tax**

The company is subject to the income tax law no. 91 for year 2005 and its executive regulations and amendments.

The years from incorporation until 31 December 2012

The company's records have been inspected and the tax differences have been settled.

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For the six months ended June 30, 2020

The years from 2013 until 2014

- The Company was notified with Form No. (19) And an appeal was filed on the required dates and the company's records are currently under inspection based on an actual basis.

The years from 2015 until 2019

- Tax return were filed on the required dates and due taxes were settled. The company was not notified by the tax inspection until the date of the financial statements.

Payroll tax

The years from inception until 31 December 2016

The company's records have been inspected and the tax differences have been settled.

The years 2017 and 2019

The company's records have not inspected.

Stamp duty tax

The years from inception until 31 December 2014

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

The years from 2015 until 31 December 2019

- The company's records were not inspected.

Sales tax / VAT tax

The years from inception until 31 December 2014

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

The years from 2015 until 31 December 2017

- The company's records are currently under inspection and the company has not received any claims regarding the results of the tax inspection.

The years from 2018 until 31 December 2019

- The company's records were not inspected.

Withholding tax

- The company's records were not inspected.

33. Significant events during the period

During the first quarter of 2020, the world was exposed to the spread of the Corona virus emerging (COVID-19), as this virus was characterized by its rapid spread in the countries of the world, until the World Health Organization declared a health emergency, on January 30, 2020, and the declaration of the virus as a global epidemic on March 11, 2020. The spread of this virus had a negative impact on the economies of many countries, which was reflected in the reality of the performance of financial markets and the volume of global trade.

On March 19, 2020, international air traffic was suspended, and on March 25, 2020. The Egyptian government imposed a curfew for a period of two weeks and renewed it for another two weeks, which negatively affected the Egyptian economy in general.

The company has conducted a study with a view to assessing the potential risks related to the company's ability to provide electronic payment services through the multiple payment channels

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For the six months ended June 30, 2020

that the company provides, human resources, in order to ensure the company's activities continue without interruption or interruption. On its business and activities, the first half of the current fiscal year witnessed an increase in demand for electronic payment services, in light of the measures taken by the Egyptian government and the Central Bank of Egypt to encourage the use of various electronic payment methods, and this was reflected in the increase in the company's revenues in the first half of this year. The administration is closely monitoring the situation and continuously evaluating its impact on the company's activities in anticipation of any developments that may result in negative effects of this pandemic, enabling the company to amend the plans necessary to meet potential negative impacts, if any.

April 8, 2020 - The Egyptian government officially announced that it would prohibit the movement or movement of citizens, in all parts of the republic, on all roads from eight o'clock in the evening until six o'clock in the morning; An exception is made from the application of the provision of the first article of this decision, which is related to curfews, the service of operators of the international information network and communication networks, electronic applications and ATM cards, and all services for food, beverages and merchandise delivery to customers, whether the request is through electronic or other applications, and workers in any of These activities are excluded, while adhering to all applicable health precautions.

On June 23, 2020 the Egyptian government officially announced the abolition of the curfew with the imposition of precautionary measures and the reopening of restaurants and cafes as of Saturday, 27 June 2020 with a capacity of 25%, the closure of shops and malls from nine in the evening instead of the sixth and the closure of restaurants and cafes at ten in the evening and the continued closure of gardens, parks and beaches And the continuation of the mass transportation work until midnight and the reopening of theaters and cinemas with a capacity of 25%.

The company conducted a study to assess the potential risks related to the company's ability to provide electronic payment services through the company's various payment channels, human resources, in order to ensure the company's activities continue uninterrupted in addition to the company assessed the potential risks which related to microfinance activity and the company's management concluded that it was not expected to have a substantial negative impact on its activities and activities. The first half of the current financial year witnessed an increase in demand for electronic payment services in light of the measures taken by the Egyptian government and the Central Bank to encourage the use of various electronic payment methods, and this reflected on the revenue of first half of the current financial year.

The management is following the situation closely and evaluating its impact on the company's activities on a continuous basis in anticipation of any developments that may result in negative effects of this pandemic, enabling the company to modify the necessary plans to face possible negative effects, if any.

- On May 31, 2020, the Company's Ordinary General Assembly decided to distribute EGP 9.6 Million to employees and distribute EGP 100 Million to shareholders in the form of free shares.

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Notes to the Condensed Consolidated interim Financial Statements

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34. Subsequent events

On July 25, 2020 Fawry for Banking technology and electronic payments board of directors approved to increase the company's issued capital, with a maximum amount of EGP 400 000 000, Provided that the increase is made at the nominal value of the company's shareholders, subject to obtaining the approval of the Company's General assembly and the concerned authorities to approve the increase in the capital, and this is done according to market conditions at the time of issuance of approvals Referred to.

On July 22, 2020 the Government of Egypt has announced an amendment to the working hours of restaurants and cafes starting from Saturday July 26 to close by twelve midnight instead of ten afternoon with 50 percent capacity instead of 25 percent capacity also shopping malls and shops to close by ten afternoon instead of nine afternoon while Public gardens, parks and beaches will remain closed and cinemas and theaters will remain at 25 percent capacity. Also the decisions included allowing the possibility of holding official conferences and meetings with a maximum number for the participants of 50 individual only, provided that the capacity of the hall in which the conference or meeting is held is not less than 100 individual and preparing to start organizing major exhibitions, starting from the beginning of next October, with emphasizing the importance of reviewing the preventive and precautionary measures that are being applied, and keeping updated with the latest developments in the medical situation.

35. Legal position

During the third quarter of 2019, a company filed a lawsuit against Fawry Banking and payment technology services "the company" to pay amount of EGP 30 million for the contract dues from year 2015 to 30 June 2019 in addition the legal accrued interest on this amount and according to that, the company did not took place any transactions related to this the aforementioned contract, the company and the company's external legal advisor opinion regarding this case is likely to be favored of Fawry Banking and payments technology services without any financial liabilities on the company as a result of this case.

36. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation of the financial statements for the current period.

37. The effect of the initial application of EAS 49 (Lease Contracts)

Certain figures of comparative opening balances in the prior year financial statements as of January 1, 2019 have been adjusted to reflect the effect of the initial application of EAS (49) "Lease contracts". On the contracts that are subject to Law no. 95 for the year 1992. Which previously accounted for in accordance with EAS no. 20 only.

The following is a summary of the effect on the previously issued financial statements for the financial periods ended June 30, 2019 and the opening balances on January 1, 2019:

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EGP	Before Adjustment January 1, 2019	After adjustment January 1, 2019	Adjustment effect
Statement of financial position			
Fixed assets (Net)	114 916 044	179 873 883	64 957 839
Prepaid rent expense - Finance lease.	21 014 396	--	(21 014 396)
Retained earnings	46 678 447	61 142 292	(14 463 845)
Finance lease liabilities	--	(25 395 406)	(25 394 406)
Deferred tax liabilities	--	(4 085 192)	(4 085 192)

EGP	Before Adjustment June 30, 2019	After adjustment June 30, 2019	Adjustment effect
Statement of Financial Position			
Fixed assets (Net)	172 510 691	193 867 061	21 356 370
Retained earnings	83 950 593	98 414 438	(14 463 845)
Net profit for the period	33 672 406	36 479 738	(2 807 332)
Deferred tax liabilities	1 708 451	5 793 643	(4 085 192)

Income Statement

General and administrative expenses	79 940 769	75 808 568	(4 132 201)
Finance costs	5 269 205	6 594 073	1 324 868
Net profit for the period after tax	33 672 406	36 479 738	(2 807 332)

Chief Financial Officer
Abdel Meguid Afifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry

