

**Fawry for Banking Technology and Electronic
Payments (S.A.E.)
Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2020
Together with Limited Review Report**

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 "S.A.E."

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 September 30, 2020 and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine 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 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 September 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the nine months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo – November 15, 2020.


Kameel Magdy Saleh, FCA
FRA Register No. /69"

F.E.S.A.A. (R.A.A. 8510)



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

	<u>Note No.</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
Non-current assets			
Fixed assets (net)	(4)	253 295 965	233 899 441
Intangible assets (net)	(5)	159 202 334	125 381 225
Projects under construction	(6)	12 525 350	8 092 539
Investments in associates	(7)	120 667	3 414 051
Investments in joint ventures	(8)	1 447 180	1 704 261
Total non-current assets		426 591 496	372 491 517
Current assets			
Inventories	(9)	34 736 458	109 339
Accounts and notes receivable	(10)	58 084 808	29 096 969
Micro finance loans (net)	(11)	204 100 621	117 229 195
Advances to service providers		198 822 032	202 366 328
Debtors and other debit balances	(12)	34 385 645	47 189 197
Due from related parties	(13)	16 813 775	10 330 169
Loans to related parties	(14)	37 816 579	27 816 579
Treasury Bills	(15)	508 329 376	241 709 925
Cash and cash at banks	(16)	499 744 875	442 661 921
Total current assets		1 592 834 169	1 118 509 621
Total assets		2 019 425 665	1 491 001 138
Equity and Liabilities			
Equity			
Issued and paid-up capital	(17)	353 652 060	353 652 060
Legal reserve		37 799 312	32 465 079
Retained earnings		184 382 739	98 414 435
Combination reserve		5 841 596	5 841 596
Net profit for the period/year		119 208 905	102 903 064
Total equity for the owners of the Parent Company		700 884 612	593 276 234
Non controlling interest		16 504 079	33 648 419
Total equity		717 388 691	626 924 653
Non-Current liabilities			
Deferred Tax Liability	(18)	4 356 660	3 958 566
Total non current liabilities		4 356 660	3 958 566
Current liabilities			
Provision	(19)	20 292 142	18 762 142
Banks overdraft	(20)	18 324 504	--
Accounts and notes payable	(21)	20 893 495	16 949 634
Accounts payable- billers	(22)	763 265 909	437 368 051
Merchants advances		281 198 881	218 095 480
Retailer's POS security deposits		28 523 793	23 116 484
Creditors and other credit balances	(23)	126 666 308	106 497 282
Current income tax		38 515 282	39 328 846
Total current liabilities		1 297 680 314	860 117 918
Total equity and liabilities		2 019 425 665	1 491 001 138

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

MA 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 nine-months period ended September 30, 2020

Note No.	Nine-months period ended		Three-months period ended		
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	
	EGP	EGP	EGP	EGP	
Operating revenues	(25)	892 720 828	614 887 707	343 545 987	241 548 819
Less:					
Operating costs	(26)	(404 902 533)	(313 549 976)	(152 351 499)	(117 964 215)
Gross margin		487 818 295	301 337 730	191 194 488	123 584 604
Add (Less):					
General and administrative expenses	(27)	(173 601 587)	(117 943 056)	(59 672 137)	(41 527 708)
Board of Directors allowances		(872 500)	(1 518 000)	(467 500)	(657 000)
Selling and marketing expenses	(28)	(147 638 935)	(91 342 611)	(61 329 297)	(35 285 874)
Social contribution for Health and insurance		(2 911 198)	(1 425 983)	(1 166 885)	(486 233)
Provisions formed	(19)	(1 530 000)	(1 350 000)	(510 000)	(450 000)
Net impairment loss on customers' loans	(11)	(4 898 158)	(1 529 031)	(2 273 017)	(845 637)
Other operating expenses		--	(5 100 292)	--	(1 774 000)
Gain on sale of fixed assets		616 638	4 569 294	53 496	1 457 165
Other revenues		1 978 315	2 064 655	598 724	693 248
Operating profit		158 960 870	87 762 707	66 427 872	44 708 565
Credit interest		47 058 358	41 009 818	18 598 176	11 705 473
Finance costs		(11 291 569)	(10 272 044)	(4 413 663)	(3 677 971)
Share of losses on investment in associates	(30)	(3 550 465)	(9 770 394)	(1 284 946)	(1 088 291)
Foreign currency exchange loss		114 470	(2 362 559)	(174 921)	1 314 737
Other expenses		--	(3 626 981)	--	--
Profit for the period before tax		191 291 664	102 740 547	79 152 518	52 962 513
Current income tax		(45 714 241)	(28 281 640)	(20 574 310)	(12 994 622)
Deferred tax	(18)	(379 400)	1 792 900	736 715	410 957
Net profit for the period after tax		145 198 023	76 251 808	59 314 923	40 378 849
Distributed as follows:					
Net profit for the parent company		119 208 905	57 375 920	48 746 289	31 444 688
Net profit for the non controlling interest		25 989 118	18 875 888	10 477 634	8 934 161
Net profit for the period after tax		145 198 023	76 251 808	59 223 923	40 378 849
Earnings per share (EGP/share)	(32)	0.17	0.08	0.07	0.04

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

M.A.
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 comprehensive income
For the nine-months period ended September 30, 2020

	<u>Nine-months period ended</u>		<u>Three months ended</u>	
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	145 198 023	76 251 808	59 223 923	40 378 849
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income for the period	145 198 023	76 251 808	59 223 923	40 378 849
Distributed as follows:				
Comprehensive income for the parent company	119 208 905	57 375 920	48 746 289	31 444 688
Comprehensive income for the non controlling interest	25 989 118	16 875 888	10 477 634	8 934 161
Total comprehensive income for the period	145 198 023	76 251 808	59 223 923	40 378 849

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

Chief Financial Officer
Abdel Meguid Affifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry



Lawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of changes in equity
For the nine-months period ended September 30, 2020

Note No.	Issued and paid up capital	Legal reserve	Retained Earnings	Combination reserve	Net profit for the year/Period	Total equity of the parent	Non-controlling interest	Total
	353 652 060	28 993 362	46 678 447	5 841 596	56 642 314	491 807 779	12 414 564	504 222 343
(38)	--	--	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
(38)	--	--	--	--	57 375 920	57 375 920	18 875 888	76 251 808
	--	3 559 633	53 170 597	5 841 596	(56 642 314)	87 916	4 900 009	4 987 925
	--	--	(15 898 451)	--	--	(15 898 451)	(11 151 728)	(27 050 179)
	353 652 060	3 559 633	37 272 146	5 841 596	(56 642 314)	(15 810 535)	(6 251 719)	(22 062 254)
(38)	--	32 552 995	98 414 438	5 841 596	57 375 920	547 837 009	25 038 733	572 875 742
	353 652 060	32 465 079	98 414 435	5 841 596	102 903 064	593 276 234	33 648 419	626 924 653
	--	--	--	--	119 208 905	119 208 905	25 989 118	145 198 023
	--	--	--	--	119 208 905	119 208 905	25 989 118	145 198 023
	--	5 334 233	97 568 831	--	(102 903 064)	--	--	--
	--	--	(11 600 527)	--	--	(11 600 527)	--	(11 600 527)
	--	--	--	--	--	--	(43 133 458)	(43 133 458)
	353 652 060	5 334 233	85 968 304	5 841 596	(102 903 064)	(11 600 527)	(43 133 458)	(54 733 985)
	--	37 799 312	184 382 739	5 841 596	119 208 905	700 884 612	16 504 079	717 388 691

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

M.A



Chief Executive Officer
Ashraf Sabry



Chairman
Saifallah Coutry



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

	Note	<u>Nine-months period ended</u>	
		<u>September 30, 2020</u>	<u>September 30, 2019</u>
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities:</u>			
Net profit for the period before tax		191 291 664	102 740 547
<u>Adjusted by:</u>			
Depreciation and amortization	(4-5)	65 000 316	47 865 349
Provisions formed	(19)	1 530 000	1 350 000
Net impairment loss on customers' loans	(14)	4 898 158	1 529 030
Credit interest		(47 058 358)	(41 009 818)
Share of investments in associate and joint venture's losses	(30)	3 550 465	9 770 394
Unrealized foreign currency exchange difference		(114 470)	2 362 559
Gain on sale of fixed assets		(616 638)	(4 569 294)
Finance expenses		11 291 569	10 272 044
Operating profit before changes in working capital		229 772 706	130 310 811
<u>Changes in Working capital</u>			
Increase in inventories		(34 627 119)	(2 858 893)
Decrease / (Increase) in advances to service providers		3 544 296	(7 158 327)
(Increase) in debtors and other debit balances		(8 075 313)	(3 275 530)
(Increase) in accounts and notes receivable		(33 885 997)	(25 006 249)
(Increase) in customers' loans, net		(91 769 584)	(67 587 190)
(Increase) in due from related parties		(6 483 607)	(283 524)
Increase / (Decrease) in accounts and notes payable		3 943 861	(16 493 815)
Increase in accounts payable- billers		325 897 858	126 611 166
Increase in merchants prepaid balances		63 103 401	70 115 300
Increase in retailer's POS security deposits		5 407 309	2 898 500
Increase in creditors and other credit balances		18 873 873	37 632 465
(Decrease) in due to related parties		--	(7 132 827)
paid income tax		(19 436 935)	(28 477 696)
Proceed from credit interest		47 058 358	41 009 818
Provisions used		--	(5 163 434)
Net cash provided from operating activities		503 323 108	245 140 575
<u>Cash flows from investing activities</u>			
(Payments) for fixed assets acquisition		(70 513 596)	(73 917 360)
(Payments) for projects under construction		(4 432 811)	(2 057 312)
(Payments) to acquire intangible assets		(48 711 352)	(46 508 465)
Proceeds from sale of fixed assets		1 623 637	5 150 296
Payments of loans to related parties		(10 000 000)	(9 201 168)
Net movement of treasury bills - more than three months		(217 163 590)	53 521 929
Net cash flows (used in) investing activities		(349 197 712)	(73 012 080)
<u>Cash flows from financing activities</u>			
Non-controlling interest share from dividends distributed in subsidiaries		--	4 900 009
Receivables from bank facilities		18 324 504	--
Dividends distribution		(54 733 984)	(27 050 180)
Finance expenses paid		(11 291 569)	(10 272 044)
Net cash (used in) financing activities		(47 701 049)	(32 422 215)
Net change in cash and cash equivalents during the period		106 424 345	139 706 280
Cash and cash equivalents at beginning of the period		620 642 024	575 608 569
Exchange rate changes on cash and cash equivalents		114 470	(2 362 559)
Cash and cash equivalents at end of the period	(16)	727 180 839	712 952 290

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,

M.A





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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 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 November 15, 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 nine months ended September 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.

A decree was issued by the Prime Minister No. 1871 of 2020 to postpone the application of the following Egyptian accounting standards: Standard (47) - Financial Instruments, Standard (48) - Revenue from Contracts with Clients and Standard (49) - Lease Contracts for the fiscal year that starts on January 1, 2021.

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

4. Fixed assets - Net

Cost	Note No.	Land	Building	Networks and Servers	Point of sales machines	Computers	Furniture and Office equipment	Leasehold Improvements	Vehicle	Tools and Equipment		Favry Branches		Total
										Super Favry	EGP	EGP	EGP	
As of January 1, 2019 (restated)*	(38)	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	--	300 851 346
Additions during the year		--	--	34 769 344	64 105 933	3 452 843	1 326 431	357 929	--	--	--	3 286 435	--	107 298 915
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	--	402 108 888
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	--	402 108 888
Additions during the period		--	--	1 392 478	64 543 659	3 340 469	708 047	--	--	--	--	528 943	--	70 513 596
Disposals		--	--	--	(3 978 265)	--	--	--	--	--	--	--	--	(3 978 265)
As of September 30, 2020		25 970 500	41 129 500	58 842 947	260 309 686	55 109 907	9 942 847	12 732 388	149 300	641 766	--	3 815 378	--	468 644 219
Accumulated depreciation														
As of January 1, 2019 (restated)*	(38)	--	2 142 162	18 524 859	77 552 873	13 323 883	3 994 150	4 683 951	134 370	621 213	--	54 574	--	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	20 576	--	54 574	--	52 469 323
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	--	168 209 447
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	--	168 209 447
Depreciation for the period		--	771 178	14 718 327	28 548 902	2 699 793	1 206 022	1 644 161	--	--	--	521 690	--	50 110 073
Depreciation of disposals		--	--	--	(2 971 266)	--	--	--	--	--	--	--	--	(2 971 266)
As of September 30, 2020		--	3 941 578	48 401 125	127 199 509	19 293 079	6 610 668	8 534 994	149 298	641 739	--	576 264	--	215 348 254
Net book value														
As of September 30, 2020		25 970 500	37 187 922	10 441 822	133 110 177	35 816 828	3 332 179	4 197 394	2	27	--	3 239 114	--	253 295 965
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

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 23 847 047 EGP. The balance have been adjusted as of 1 January 2019 in order to reflect the initial application of EAS (49) "lease contracts" (Note no. 36)

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

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2020

5. Intangible assets – Net

<u>Cost</u>	<u>Software license</u>	<u>Programs</u>	<u>Total</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	55 509 506
As of December 31, 2019	35 058 427	139 141 995	174 200 422
Additions during the period	1 336 702	47 374 650	48 711 352
As of September 30, 2020	36 395 129	186 516 645	222 911 774
<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 December 31, 2019	10 601 905	38 217 292	48 819 197
Amortization for the period	2 589 297	12 300 946	14 890 243
As of September 30, 2020	13 191 202	50 518 238	63 709 440
Net Book value As of September 30, 2020	23 203 927	135 998 407	159 202 334
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 software licenses by the amount of EGP 4 million.

7. Investment in an associates

<u>Description</u>	<u>No. of Shares</u>	<u>Ownership %</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Plus for banking services	60 000 000	38%	--	--
Bosta	8 744 819	15.97%	120 667	3 414 051
Tazcara for Information Technology	10 000	20%	--	--
			120 667	3 414 051

The decrease in this account is due to the recognition of the group's share in the losses of Bosta Company by an amount of EGP 3 293 384 during the period.

8. Investment in Joint venture

	<u>Ownership</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Waffarha.com (LLC)	30%	1 477 180	1 704 261
		1 477 180	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 227 081 during the period.

Fawry for Banking Technology and Electronic Payments S.A.E.
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2020

9. Accounts and notes receivable

This increase in accounts and notes receivables is due to an increase in the transactions which have been reflected in an increase in revenue and a relating increase in customers' receivables balance in the amount of EGP 27 872 127 in the addition to the increase in the notes receivable by the amount of EGP 1 115 712.

10. Inventories

This increase in inventories is due to an increase in Fawry integrated systems inventory - subsidiary company that's represent to goods in transit (POS Machines) amounted EGP 34 million not received at the date of financial statements.

11. Micro finance loans, (net)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Micro Finance loans	212 188 269	120 418 685
<u>Deduct:</u> Micro finance risk provision (Compulsory provision)	(8 087 648)	(3 189 490)
	<u>204 100 621</u>	<u>117 229 195</u>

Micro finance risk provision represented as following:

	<u>Balance as of</u> <u>December 31,</u> <u>2019</u>	<u>Net of formed</u> <u>during the period</u>	<u>Balance at</u> <u>June 30,</u> <u>2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Micro finance risk provision (Compulsory provision) - net	3 189 490	4 898 158	8 087 648
	<u>3 189 490</u>	<u>4 898 158</u>	<u>8 087 648</u>

12. Debtors and other debit balances

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	1 063 147	366 059
Prepaid expenses	6 676 684	7 283 891
Deposits held with others	544 200	512 700
Withholding tax	10 718 872	24 444 197
Other debit balances	9 249 318	9 556 726
Accrued revenues	6 133 424	5 026 624
	<u>34 385 645</u>	<u>47 189 197</u>

The decrease in debtors and other debit balances due to the decrease in withholding tax balance by an amount of EGP 13 million.

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

13. Due from related party

<u>Description</u>	<u>Nature</u>	<u>Account type</u>	<u>September 30,</u>	<u>December 31,</u>
			<u>2020</u>	<u>2019</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Plus for Banking Services	associate	Current account	8 214 149	2 026 750
Bosta	associate	Current account	7 300 970	7 300 970
Waffarha	associate	Current account	220 211	303 576
Tazcara for Information Technology	associate	Current account	1 078 445	698 873
			<u>16 813 775</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>September 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	(5 575 909)
	Cash collection cost from the related party	(27 731 565)
	Credit interest revenue from the related party	2 991 401

14. 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.

15. Treasury Bills

	<u>September30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	542 100 000	249 100 000
<u>Deduct:</u>		
Unrealized interest	(33 770 624)	(7 390 075)
	<u>508 329 376</u>	<u>241 709 925</u>

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

16. Cash and bank balances

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash	57 265 802	18 321 674
Current accounts at banks – local currency	77 819 849	217 317 326
E-Acceptance transactions under settlement	12 401 805	19 905 922
Cash collections - agents	330 983 407	146 963 287
Time deposit – local currencies	3 146 071	7 526 610
Time deposit – foreign currencies	10 007 671	26 125 628
Current accounts at banks – foreign currency	8 120 270	6 501 474
Cash and cash and bank balances	499 744 875	442 661 921

For the purpose of preparing the cash flow statement, the cash and cash equivalents represented as follows:

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	499 744 875	605 658 290
Treasury Bills – less than 3 months	227 435 964	107 294 000
	727 180 839	712 952 290

17. Capital

The company's issued capital is amounted to EGP 500 000 000 and the authorized capital amounted to EGP 353 652 060, divided among 707 304 120 shares of par value EGP 0.5 each.

18. Deferred tax assets/(liabilities)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Deferred tax assets	3 744 009	2 828 936
Deferred tax liabilities	(8 100 669)	(6 787 502)
	(4 356 660)	(3 958 566)

19. 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>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	18 762 142	1 530 000	20 292 142
	18 762 142	1 530 000	20 292 142

20. Banks credit facilities

On April 7, 2020, an agreement was signed between Fawry for Information Technology and one of local bank to give 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 September 30, 2020 amounted to EGP 18 324 504.

On August 7, 2019, an agreement was signed between Fawry for Information Technology and on of local bank to give the company a credit facility of a maximum of EGP 50 million at a market

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

rate, and the limit of letters of guarantee in the amount of EGP 300 million, the balance reached on September 30 2020 none (31 December 2019: none).

21. Accounts and Notes Payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	19 574 850	14 294 769
Notes payable	1 318 645	2 654 865
	<u>20 893 495</u>	<u>16 949 634</u>

22. Accounts payable – Billers

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Billers payable	762 018 965	322 148 856
Billers' Notes payable	1 246 944	115 219 195
	<u>763 265 909</u>	<u>437 368 051</u>

23. Creditors and other credit balances

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	42 852 596	24 415 820
Accrued commissions	27 700 067	23 635 261
Unearned revenue	2 484 845	2 662 009
Health insurance contribution	2 866 727	2 656 674
Tax Authority	32 669 872	40 968 718
Social Insurance Authority	2 726 736	133 047
Under settlement transactions	5 939 548	7 509 236
Other credit balances	9 425 917	4 516 517
	<u>126 666 308</u>	<u>106 497 282</u>

The main reason for the increase in creditors and other credit balances is the increase in accrued expenses and commissions by the amount of EGP 22.5 million that mainly represents accruals for merchants' fees and bank fees and the decrease of the tax authority balance with EGP 8 million, in addition to an increase of other credit balances by an amount of EGP 4.9 million and insurance authority by an amount of EGP 2.5 million.

24. 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>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	835 744 625	485 604 625
	<u>835 744 625</u>	<u>485 604 625</u>

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

- The letters of guarantee facilities obtained from banks amounted to EGP 835.7 million as of September 30, 2020 utilized amount from the banks facilities amounted to EGP 835.7 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.

25. Operating revenue

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

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Collection fees	832 974 991	604 629 166
Other operating revenues	11 383 552	2 808 008
Interest from microfinance activities	48 362 285	7 450 533
	<u>892 720 828</u>	<u>614 887 707</u>

26. Operating costs

The main reason for the increase in operating costs is the increase of merchants' fees by the amount of EGP 53 million that corresponds to the increased volume of transactions during the period in addition to the increase of cash collection cost by the amount EGP 36 million.

27. General and administrative expenses

The main reason for the increase in general and administrative expenses is the increase in salaries and wages in the amount of EGP 26 million, the increase in depreciation and amortization by an amount of EGP 17.7 million. In addition to the increase in outsourcing, technical support and services with an amount of EGP 8.2 million.

28. 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 47 million In addition to the increase of marketing and advertising expenses by an amount of EGP 8.9 million during the period.

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

29. Depreciation and amortization

The depreciation and amortization for the period amounting to EGP 65 000 316 was charged to the statement of profit or loss of EGP 50 110 073 representing the depreciation of fixed assets Note No. (4) And an amount of 14 890 243 EGP represents the consumption of intangible assets Note No. (5) as follows:

<u>Description</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	22 772 576	23 419 013
General and administrative expenses	42 227 740	24 446 336
	<u>65 000 316</u>	<u>47 865 349</u>

30. Group's share of profit of investment in associates and joint venture entities

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Fawry Plus For Banking Services	--	8 280 330
Waffarha.com	257 081	511 635
Bosta Inc. Delaware	3 293 384	928 622
Tazcara for Information Technology	--	49 807
	<u>3 550 465</u>	<u>9 770 394</u>

31. Segment information

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

The accounting policies of the reportable sectors are the same as the group's accounting policies on December 31, 2019, and the profits of each sector represented in the profits it makes, which reviewed regularly without any distribution of income tax expense.

A. Segment profit or loss statement

EGP	<u>Revenue</u>		<u>Profit/(Loss)</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Banking technology and E-payment sector	844 358 543	607 437 174	179 288 653	110 041 388
Micro-Finance sector	48 362 285	7 450 533	12 003 011	(7 300 841)
Total	892 720 828	614 887 707	191 291 664	102 740 547
Net profit before tax			191 291 664	102 740 547
Tax			46 093 641	26 488 740
Net profit after tax			145 198 023	76 251 808

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

B. Segment Assets

EGP	September 30, 2020	September 30, 2019
Banking technology and E-payment	1596 522 767	1476 457 255
Micro-Finance	210 974 160	129 302 893
Assets before disposals	2167 496 927	1605 760 148
Elimination of internal transactions between segments	(148 071 262)	(114 759 010)
Assets after disposals	2019 425 665	1491 001 138
Total Assets	2019 425 665	1491 001 138

32. 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>September</u> <u>30, 2020</u>	<u>September</u> <u>30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period for the parent company	119 208 905	57 375 920
Average number of shares during the period *	707 304 120	707 304 120
Earnings per share for the period	<u>0.17</u>	<u>0.08</u>

* 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 will not considered in EPS calculation.

33. Tax Position

Corporate tax

The Company's profit is subject to tax in accordance with the provisions of 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.

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 have 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.

34. 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.

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 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 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.

On July 22, 2020, the Egyptian government officially announced the amendment of working hours for restaurants and cafes, starting from the corresponding Sunday. July 26, 2020 to close at 12 AM instead of 10 PM with a capacity of 50% instead of 25%, close shops and malls at 10 PM instead of 9 PM and the continued closure of parks and beaches and maintain the capacity of theatres and cinemas estimated at 25% and the decisions included allowing the possibility Holding official conferences and meetings, so that the maximum number of participants is only 50 people, and provided that the capacity of the hall in which the conference or meeting is held is not less than 100 and prepare to start organizing major exhibitions, starting from the beginning of next October, with an emphasis on the importance of reviewing preventive measures And the precaution that is applied, and keeping up with the latest developments in the medical situation. On July 25, 2020 fawry for banking technology and electronic payments board of directors approved to increase the company's 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 general assembly of the company and the concerned authorities to approve the increase in the capital, and this is done in light of market conditions at the time of issuance of approvals Referred to.

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.

35. Subsequent events:

The Board of directors of Fawry for Banking technology and Electronic Payments S.A.E that was Held on November 3, 2020 and Decided the Following:

- The increase of the authorized capital of the Company from EGP 500 million to EGP one billion.
- increase of issued capital of the Company by free shares to be financed by retained earnings for the sole benefit of old shareholders; from the amount of EGP 353 652 060 (three hundred and fifty three millions and six hundred and fifty two thousands and sixty Egyptian pounds) divided on 707 304 120 shares (seven hundred and seven millions and three hundred and four thousand and one hundred and twenty shares) to EGP 453 652 060 (four hundred and

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

fifty three million and six hundred and fifty two thousand and sixty Egyptian pounds) divided on 907 304 120 shares (nine hundred and seven million and three hundred and four thousand and one hundred and twenty shares); with an increase amounted EGP 100 000 000 (one hundred million Egyptian pounds) divided on 200 000 000 shares (two hundred million shares) with a percentage of 0.28276 free share for each share, with par value of EGP 0.5.

- The increase of the issued capital to be paid in cash for the sole benefit of the old shareholders from EGP 453 652 060 (four hundred and fifty three million and six hundred and fifty two thousand and sixty Egyptian pounds) divided on 907 304 120 shares (nine hundred and seven million and three hundred and four thousand and one hundred and twenty shares) to EGP 853 652 060 (eight hundred and fifty three million and six hundred and fifty two thousand and sixty Egyptian pounds) divided on 1 707 304 120 shares (one billion and seven hundred and seven million and three hundred and four thousand and one hundred and twenty shares) with a total capital increase equal to EGP 400 000 000 (four hundred million Egyptian pounds) divided on 800 000 000 (eight hundred million shares) with a value of each share EGP 0.5, which represents the par value. In addition, suggesting circulation of IPO rights separately from the original share, provided that the increase of the issued capital to be paid in cash all according to share percentage.

Provided that the cash increase procedures will not start unless after accomplishing the free shares capital increase procedures.

36. Legal position

- During the third quarter of 2019, a third-party 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.

37. Comparative figures:

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

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

Notes to the Condensed Consolidated interim Financial Statements

For the nine months ended September 30, 2020

38. 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 opening balances on January 1, 2019:

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

Chief Financial Officer

Abdel Meguid Afffi

MA

Chief Executive Officer

Ashraf Sabry



Chairman

Saifullah Coutry

