

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

**Condensed Separate Interim Financial Statements
For the three months ended March 31, 2020
Together with Limited Review Report**

*Translation of Review
Report Originally Issued in Arabic*

Limited Review Report on the condensed separate interim financial statements

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

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed separate interim statement of financial position as of March 31, 2020 and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three 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 separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as at March 31, 2020, and of its separate financial performance and its separate cash flows for the three months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo - 15 June 2020.


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



Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of financial position
as of March 31, 2020

	<u>Note No.</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
<u>Non-current assets</u>			
Fixed assets (net)	(4)	233 523 722	234 842 185
Intangible assets (net)	(5)	147 180 849	139 018 824
Projects under construction	(6)	11 859 106	8 092 539
Investments in subsidiaries	(7)	98 947 766	63 947 766
Investments in associates		28 122 260	28 122 260
Investments in joint ventures		2 250 000	2 250 000
Total non-current assets		521 883 703	476 273 574
<u>Current assets</u>			
Inventory		107 820	109 339
Accounts and notes receivable	(8)	36 733 438	22 531 916
Debtors and other debit balances	(9)	48 064 979	38 894 180
Advances to billers		242 082 709	202 366 328
Due from related parties	(10-22)	116 455 678	126 645 181
Loans to related parties	(11)	33 816 579	27 816 579
Treasury Bills	(12)	314 118 405	216 282 572
Cash and cash at banks	(13)	472 682 940	428 045 205
Total current assets		1264 062 548	1062 691 300
Total assets		1 785 946 251	1 538 964 874
<u>Equity and liabilities</u>			
<u>Equity</u>			
Issued and paid-up capital	(14)	353 652 060	353 652 060
Legal reserve		37 799 312	32 465 079
Retained earnings		221 741 718	120 391 285
Net profit for the period/year		41 561 679	106 684 666
Total equity		654 754 769	613 193 090
<u>Non-Current liabilities</u>			
Deferred tax liabilities		8 083 379	8 083 379
Total non current liabilities		8 083 379	8 083 379
<u>Current liabilities</u>			
Provisions	(15)	18 972 142	18 462 142
Accounts and notes payable	(16)	11 007 111	16 812 422
Accounts payable - Billers	(17)	652 811 095	437 368 051
Merchant advances		212 106 257	218 095 479
Retailers' POS security deposits		25 877 228	23 116 484
Creditors and other credit balances	(18)	103 150 390	84 389 933
Due to a related parties	(19,22)	69 367 252	94 357 953
Current income tax		29 816 628	25 085 941
Total current liabilities		1123 108 103	917 688 405
Total equity and liabilities		1 785 946 251	1 538 964 874

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

Chief Financial Officer
AbdelMaguid Afifi

Auditor's review report attached.

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Fawry for Banking and Payment Technology Services S.A.E.**Condensed separate interim statement of Profit or loss****for the three months ended March 31, 2020**

		Three months ended	
	Note No.	March 31, 2020	March 31, 2019
			Restated (note 33)
		EGP	EGP
Operating revenues	(23)	195 183 438	146 504 614
Operating costs	(24)	(90 746 776)	(75 818 695)
Gross margin		104 436 662	70 685 919
Add (Less):			
General and administrative expenses	(25)	(45 694 922)	(35 256 019)
BOD compensation expenses		(127 500)	(291 000)
Selling and marketing expenses	(26)	(37 954 100)	(25 268 046)
Health insurance contribution		(561 667)	(418 395)
Provisions formed	(15)	(510 000)	(450 000)
Gain on disposal of fixed assets		380 262	1 613 257
Other revenues		797 193	661 028
Operating profit		20 765 928	11 276 744
Credit interest	(21)	13 319 815	18 579 195
Finance costs		(2 899 377)	(3 548 253)
Dividends from investments in subsidiaries		16 870 257	--
Foreign currency exchange losses		230 040	(2 764 217)
Profit for the period before tax		48 286 663	23 543 469
Current income tax		(6 724 984)	(5 267 636)
Net profit for the period after tax		41 561 679	18 275 833
Earnings per share	(28)	0.06	0.03

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

Chief Financial Officer

AbdelMaguid Afifi

Chief Executive Officer

Ashraf Sabry

Chairman

Saifullah Coultry

Translation of financial statement

Originally Issued in Arabic

Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of comprehensive income
for the three months ended March 31, 2020

	<u>Three Months ended</u>	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
		<u>Restated (note 33)</u>
Profit for the period	41 561 679	18 275 833
Other comprehensive income	--	--
Total other comprehensive income	--	--
Total comprehensive income	41 561 679	18 275 833

The accompanying notes form an integral part of these condensed separate interim financial statements

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of cash flows
for the three months ended March 31, 2020

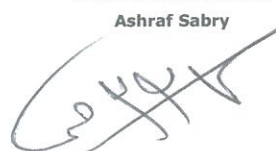
	Note	Three months ended March 31, 2020 EGP	March 31, 2019 EGP <u>Restated</u> (note 33)
Cash flows from operating activities:			
Net profit for the period before tax		48 286 663	23 543 469
Adjusted by:			
Depreciation and amortization	(28)	20 794 498	17 288 924
Provisions formed	(16)	510 000	450 000
Unrealized foreign currency exchange loss/(gain)		(230 040)	2 764 217
(Gain) on sale of fixed assets		(380 262)	(1 613 257)
Dividends from investments in subsidiaries		(16 870 257)	--
Credit interest	(21)	(13 319 815)	(18 579 195)
Finance costs		2 899 377	3 548 253
Operating profit before changes in working capital		41 690 164	27 402 411
Changes in working capital			
Decrease in inventory		1 519	38 724
(Increase) in advances to billers		(39 716 381)	(39 960 237)
(Increase) in debtors and other debit balances		(9 170 799)	(21 169 847)
(Increase) in accounts and notes receivable		(14 201 522)	(7 559 661)
Decrease in due from related parties		10 189 503	1 902 092
(Decrease)/Increase in accounts and notes payable		(5 805 311)	54 972 191
Increase in billers payable		215 443 044	38 132 757
(Decrease) in due to related parties		(24 990 701)	(6 379 803)
(Decrease) in advances to merchants		(5 989 222)	(3 544 013)
Increase in retail deposits		2 760 744	106 578
Increase in creditors and other credit balances		18 760 457	12 177 555
Paid income tax		--	(3 312 707)
Credit interest received		11 325 517	18 579 195
Net cash provided from operating activities		200 297 012	71 385 235
Cash flows from investing activities			
(Payments) to acquire fixed assets		(14 841 543)	(38 336 912)
(Payments) for projects under construction		(3 766 567)	(147 826)
(Payments) to acquire intangible assets		(13 127 726)	--
Proceeds from the sale of fixed assets		711 472	--
(Payments) to increase investments in subsidiaries		(35 000 000)	--
Proceeds from dividends from investments in subsidiaries		16 870 257	--
Net movement of treasury bills - more than three months		(200 674 338)	78 662 109
(Increase) in loans to related parties		(6 000 000)	(3 677 500)
Net cash (used in) provided from investing activities		(255 828 445)	36 499 871
Cash flows from financing activities			
Payments of finance expense		(2 899 377)	(3 548 253)
Net cash (used in) financing activities		(2 899 377)	(3 548 253)
Net change in cash and cash equivalents during the period		(58 430 810)	104 336 853
Cash and cash equivalents at beginning of the period		590 265 668	552 754 037
Changing currency difference for cash and cash equivalent		230 040	(2 764 217)
Cash and cash equivalents at end of the period	(13)	532 064 898	654 326 673

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

Chief Financial Officer
AbdelMaguid Afifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry



Translation of financial statement

Originally Issued in Arabic

Fawry for Banking and Payment Technology Services S.A.E.

**Condensed separate statement of changes in equity
for the three months ended March 31, 2020**

Note No.	Issued and paid up capital	Legal reserve	Retained Earnings	Net profit for the period	Total
	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2019	353 652 060	28 905 446	54 155 406	71 192 667	507 905 579
The impact of early implementation of EAS 49	--	--	14,463,845	--	14,463,845
Balance as of January 1, 2019 (restated)	353 652 060	28 905 446	68 619 251	71 192 667	522 369 424
Items of comprehensive income					
Net profit for the period	--	--	--	18 275 833	18,275,833
Total comprehensive income (restated)	--	--	--	18 275 833	18 275 833
Transactions with company's owners					
Transferred to retained earnings and legal reserve	--	3 559 633	67 633 034	(71 192 667)	--
Total transactions with the company's owners	--	3 559 633	67 633 034	(71 192 667)	--
Balance as of March 31, 2019	353 652 060	32 465 079	136 252 285	18 275 833	540 645 257
Balance as of January 1, 2020	353 652 060	32 465 079	120 391 285	106 684 666	613 193 090
Items of comprehensive income					
Net profit for the period	--	--	--	41 561 679	41 561 679
Total comprehensive income for the period	--	--	--	41 561 679	41 561 679
Transactions with company's owners					
Transferred to retained earnings and legal reserve	--	5 334 233	101 350 433	(106 684 666)	--
Total transactions with the company's owners	--	5 334 233	101 350 433	(106 684 666)	--
Balance as of March 31, 2020	353 652 060	37 799 312	221 741 718	41 561 679	654 754 769

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

Chief Financial Officer
AbdelMaguld Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 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 June 2011. The company was re-registered at the commercial register of the 6th of October under No. 1333 in July 19, 2018.

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

The interim condensed separate financial statements were authorized for issuance at the Board of Directors meeting held on June 15, 2020.

2. Statement of compliance

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

3. Basis of preparation of the separate financial statements

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

For the three months ended March 31, 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.

4- Fixed assets (net)

	Note No.	Land	Buildings	Networks and Servers	Point of sales machines	Computers	Furniture & Office equipment	Leasehold Improvements	Vehicles	Tools and Equipment	Fawry Branches	Total
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	Super Fawry EGP	EGP	EGP
Cost												
As of January 1, 2019 (adjusted)*	(33)	25,970,500	41,129,500	22,674,045	141,679,732	46,937,565	7,349,461	11,837,369	149,300	641,766	--	298,369,238
Additions during the year		--	--	34,769,344	67,052,987	2,015,683	1,075,361	357,929	--	--	3,286,435	108,557,739
Disposals		--	--	--	(6,041,373)	--	--	--	--	--	--	(6,041,373)
As of December 31, 2019		25,970,500	41,129,500	57,443,389	202,691,346	48,953,248	8,424,822	12,195,298	149,300	641,766	3,286,435	400,885,604
As of January 1, 2020		25,970,500	41,129,500	57,443,389	202,691,346	48,953,248	8,424,822	12,195,298	149,300	641,766	3,286,435	400,885,604
Additions during the period		--	--	30,987	13,748,916	621,184	293,121	--	--	--	147,335	14,841,543
Disposals during the period		--	--	--	(1,451,388)	--	--	--	--	--	--	(1,451,388)
As of March 31, 2020		25,970,500	41,129,500	57,474,376	214,988,972	49,574,432	8,717,943	12,195,298	149,300	641,766	3,433,770	414,275,758
Accumulated depreciation												
As of January 1, 2019 (adjusted)*	(33)	--	2,142,162	18,517,780	77,552,873	12,440,940	3,464,233	4,146,870	134,370	621,213	--	119,020,441
Depreciation for the year		--	1,028,238	15,157,939	29,799,293	2,610,223	1,368,681	2,206,882	14,928	20,526	54,574	52,260,284
Depreciation of disposals		--	--	--	(5,237,308)	--	--	--	--	--	--	(5,237,308)
As of December 31, 2019		--	3,170,400	33,675,719	102,113,858	15,051,163	4,832,914	6,353,752	149,298	641,739	54,574	166,043,418
As of January 1, 2020		--	3,170,400	33,675,719	102,113,858	15,051,163	4,832,914	6,353,752	149,298	641,739	54,574	166,043,418
Depreciation for the period		--	257,059	5,020,446	8,932,112	500,549	401,619	548,379	--	--	168,533	15,628,797
Depreciation of disposals		--	--	--	(1,120,178)	--	--	--	--	--	--	(1,120,178)
As of March 31, 2020		--	3,427,459	38,696,165	109,925,792	15,551,712	5,234,533	6,902,131	149,298	641,739	223,207	180,752,036
Net book value												
As of March 31, 2020		25,970,500	37,702,041	18,778,211	105,063,081	34,022,720	3,483,410	5,293,168	2	27	3,210,563	233,523,722
As of December 31, 2019		25,970,500	37,959,100	23,767,670	100,577,487	33,902,085	3,591,908	5,841,546	2	27	3,231,861	234,842,185

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2020

5. Intangible assets (net)

<u>Cost</u>	<u>Licenses</u> <u>EGP</u>	<u>Programs</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
As of January 1, 2019	19 356 463	118 298 709	137 655 172
Additions during the year	15 536 784	41 719 618	57 256 402
As of January 1, 2020	34 893 247	160 018 327	194 911 574
Additions during the period	155 000	12 972 726	13 127 726
As of March 31, 2020	35 048 247	172 991 053	208 039 300
<u>Accumulated amortization</u>			
As of January 1, 2019	7 183 020	33 998 160	41 181 180
Amortization for the year	3 418 885	11 292 685	14 711 570
As of January 1, 2020	10 601 905	45 290 845	55 892 750
Amortization for the period	923 747	4 041 954	4 965 701
As of March 31, 2020	11 525 652	49 332 799	60 858 451
<u>Net book value</u>			
As of March 31, 2020	23 522 595	123 658 254	147 180 849
As of December 31, 2019	24 291 342	114 727 482	139 018 824

6. Projects Under Construction

The increase in Projects under construction mainly due to additions of programs and licenses by amount of EGP 3 383 752.

7. Investments in subsidiaries

On February 18, 2020, The Company increased its investments in Fawry Micro Finance Co. S.A.E. by 100%. with (350,000) shares, the nominal value of the share is 100 EGP, amounting to EGP 35,000,000, The company's share in the capital increase was paid in an amount of 35,000,000 EGP

8. Accounts and Notes receivable

The increase in accounts and notes receivables is due to the increase in the volume of transactions, which was reflected in the increase in the volume of revenue during the period, in addition to the increase in the balances due from accounts receivables by an amount of EGP 13 451 522 and notes receivable by an amount of EGP 750,000.

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2020

9. Debtors and other debit balances

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Vendors – advance payment	908 318	365 059
Accrued Revenue	3 508 056	2 520 076
Prepaid expenses	11 634 213	7 068 199
Deposits with others	515 200	512 700
Withholding tax	20 207 532	19 305 690
Other debit balances	11 291 660	9 122 456
	<u>48 064 979</u>	<u>38 894 180</u>

The increase in debtors and other debit balances is due to the increase in prepaid expenses by an amount of EGP 4.5 Million in addition to the increase in withholding taxes by an amount of EGP 900 000 and the increase in other debit balances by the amount of EGP 2.1 Million.

10. Due from related parties

	<u>Account type</u>	<u>March 31,</u>	<u>December 31,</u>
		<u>2020</u>	<u>2019</u>
		<u>EGP</u>	<u>EGP</u>
Bosta (associate company)	Current account	7 300 970	7 300 970
Fawry FMCG (subsidiary)	Current account	1 259 444	854 705
Fawry Micro Finance (subsidiary)	Current account	105 806 143	114 855 532
Wafarrha.com (associate company)	Current account	434 059	303 576
Fawry Brokerage (subsidiary)	Current account	818 289	604 746
Tazcra (associate company)	Current account	836 773	698 873
Fawry Plus for banking services (associate company)	Current account	--	2 026 779
		<u>116 455 678</u>	<u>126 645 181</u>

11. Loans to related parties

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 6 Million during the period.

12. Treasury Bills

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	337 900 000	223 000 000
<u>Deduct:</u>		
Unrealized interest	(23 781 595)	(6 717 428)
	<u>314 118 405</u>	<u>216 282 572</u>

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2020

13. Cash and cash at banks

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash	48 629 879	17 219 705
Bank accounts – local currency	197 403 716	211 510 960
E-Acceptance (transactions under settlement)	20 995 047	19 905 922
Cash at money transfer companies	185 886 597	146 963 287
Bank accounts – foreign currencies	1 687 565	6 319 703
Time deposits – local currencies	10 008 767	10 021 918
Time deposits – foreign currencies	8 071 369	16 103 710
Cash and cash at banks	<u>472 682 940</u>	<u>428 045 205</u>

For preparing the cash flow statements, the cash and cash equivalents comprise the following:

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	472 682 940	625 715 622
Treasury bills – less than 3 months	59 381 958	28 611 051
	<u>532 064 898</u>	<u>654 326 673</u>

14. 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.

15. Provisions

	<u>Balance as of</u>	<u>Formed during the</u>	<u>Balance as of</u>
	<u>January 1, 2020</u>	<u>period</u>	<u>March 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	18 462 142	510 000	18 972 142
	<u>18 462 142</u>	<u>510 000</u>	<u>18 972 142</u>

16. Accounts and Notes Payable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	9 650 840	14 157 557
Notes payable	1 356 271	2 654 865
	<u>11 007 111</u>	<u>16 812 422</u>

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2020

17. Accounts Payable – Billers

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Billers payable	556 339 882	322 148 856
Billers' notes payable	96 471 213	115 219 195
	<u>652 811 095</u>	<u>437 368 051</u>

18. Creditors and other credit balances

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	21 374 926	18 666 755
Accrued commissions	27 869 777	23 635 261
Tax Authority	31 248 387	26 318 249
Unearned Revenue	2 720 391	2 662 009
Health insurance contributions	2 466 554	1 904 886
Under settlement transactions	11 299 741	7 509 236
Other credit balances	6 170 614	3 693 537
	<u>103 150 390</u>	<u>84 389 933</u>

The increase in creditor and other credit balances is mainly due to the increase in accrued expenses by an amount of EGP 2.7 Million, accrued commissions by an amount of EGP 4.2 million which mainly represent commissions to merchants and banks, the increase in tax authority balance by the amount of EGP 4.9 million In addition to the increase of transactions under settlements by an amount of EGP 3.8 million and other credit balances by an amount of EGP 2.4 Million.

19. Due to related parties

	<u>Nature of relationship</u>	<u>Account type</u>	<u>March 31, 2019</u>	<u>December 31, 2019</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Integrated Systems	Subsidiary	Current account	57 432 253	59 084 695
Fawry Dahab for Electronic Services	Subsidiary	Current account	11 226 563	35 273 258
Fawry Plus for banking services	Associate	Current account	708 436	--
			<u>69 367 252</u>	<u>94 357 953</u>

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For the three months ended March 31, 2020

20. Contingent liabilities

Contingent liabilities consist of the uncovered portion of letters of guarantee issued for the benefit of certain parties and entities as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	646 444 625	485 604 625
	<u>646 444 625</u>	<u>485 604 625</u>

- The letters of guarantee facilities obtained from banks amounted to EGP 761.5 million as of March 31, 2020 utilized amount from the banks facilities amounted to EGP 646.4 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.

21. Credit interest

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts and time deposits	2 315 329	5 659 518
Credit interest - treasury bills	9 971 486	12 250 924
Credit interest – loans to related parties	1 033 000	668 753
	<u>13 319 815</u>	<u>18 579 195</u>

22. Significant related parties' transactions

<u>Nature of the Transaction</u>		<u>Volume of transactions during the period</u>
		<u>EGP</u>
Fawry Dahab for Electronic Services	Electronic Payment services revenue	9 329 036
	Dividends income from related party	16 870 257
Fawry Integrated Services	Intangible assets acquisition	(11 109 272)
	POS machine sales	(13 748 893)
Fawry Plus for Banking Services	Loans to related party	6 000 000
	Cost of cash collection on behalf of related party	(6 303 491)
	Credit interest from the related party	1 033 000
Fawry for Micro Finance	Payments to Capital increase	35 000 000

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For the three months ended March 31, 2020

23. Operating revenues

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Transactions services revenues – collection fees	184 251 079	140 988 959
Subscription revenues	10 915 200	5 512 485
Other operating revenues	17 159	3 170
	<u>195 183 438</u>	<u>146 504 614</u>

24. Operating costs

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Merchants' and channel fees	69 939 689	56 544 575
Banks fees	3 717 118	3 421 278
Depreciation and amortization	7 938 494	8 031 255
Cash collection cost	6 614 823	5 986 000
Others	2 536 652	1 835 587
	<u>90 746 776</u>	<u>75 818 695</u>

25. General and administrative expenses

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Technical support and service centers	8 620 426	8 114 788
Rent expense	486 885	165 300
Salaries	15 159 720	12 656 065
Insurance expenses	2 045 711	1 639 942
Head office expenses	1 469 374	1 197 405
Training and human resources expenses	773 549	159 398
Professional fees	1 160 286	396 144
Depreciation and amortization (Note No. 27)	12 856 004	9 257 667
Other	3 122 967	1 669 310
	<u>45 694 922</u>	<u>35 256 019</u>

26. Selling and Marketing expenses

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	18 919 325	12 835 053
Selling and marketing commissions	11 999 082	6 686 482
Selling and marketing expenses	7 035 693	5 746 511
	<u>37 954 100</u>	<u>25 268 046</u>

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For the three months ended March 31, 2020

27. Depreciation and amortization

Depreciation and amortization for the period in the income statement, which amount of EGP 20 794 498 represents depreciation for fixed assets in the amount of EGP 15 828 797 (Note No. 4) and amortization of intangible assets in the amount of EGP 4 965 701 (Note No. 5), has been allocated as follows:

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	7 938 494	8 031 255
General and administrative expenses	12 856 004	9 257 667
	<u>20 794 498</u>	<u>17 288 922</u>

28. Earnings per share

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

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Net profit of the period	41 561 679	18 275 833
Average number of shares during the period	707 304 120	707 304 120
	<u>0.06</u>	<u>0.03</u>

29. 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 in 2009 until 31 December 2012

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

The years from 2013 until 31 December 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 2018

The company's records have not inspected or notified from the tax authorities.

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

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For the three months ended March 31, 2020

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 Year 2019

- The company's records were not inspected.

Withholding tax

- The company's records were not inspected.

30. 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.

31. Significant events during the period

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

On March 19, 2020, international air flights was suspended, and on March 25, 2020, the Egyptian government imposed a two-week curfew and extended it for more two weeks, which had negative impact on Egyptian economy.

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For the three months ended March 31, 2020

EGP	Before Adjustment March 31, 2019	After adjustment March 31, 2019	Adjustment effect
Statement of Financial Position			
Fixed assets (Net)	117 316 501	182 017 280	64 700 779
Prepaid rent expense - Finance lease.	19 355 365	--	(19 355 365)
Retained earnings	121 788 440	136 252 285	(14 463 845)
Net profit for the period	14 963 126	18 275 833	(3 312 707)
Finance lease liabilities	--	23 483 670	(23 483 670)
Deferred tax liabilities	1 695 724	5 780 916	(4 085 192)
Income Statement			
General and administrative expenses	39 893 594	35 256 019	(4 637 575)
Finance costs	2 223 385	3 548 253	1 324 868
Net profit for the period after tax	14 963 126	18 275 833	3 312 707

Chief Financial Officer
Abdel Meguid Afifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry

