

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

**Condensed Separate Interim Financial Statements**

**For the three months ended March 31, 2021**

**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, 2021 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, 2021, 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 – May 20, 2021.

Kamel Magdy Saleh, FCA

FRA Register No. "69"

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



Translation of financial statement

Originally Issued in Arabic

**Fawry for Banking and Payment Technology Services S.A.E.**  
**Condensed separate interim statement of financial position**  
**as of March 31, 2021**

	Note No.	March 31, 2021 EGP	December 31, 2020 EGP
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets (net)	(4)	193 573 232	251 996 210
Intangible assets (net)	(5)	193 524 727	183 554 066
Projects under construction	(6)	13 174 124	11 889 489
Investments in subsidiaries	(7)	156 014 433	99 161 433
Investments in associates		12 623 230	35 423 230
Investments in joint ventures		2 250 000	2 250 000
Loans to related parties - long term		190 190 531	190 190 531
<b>Total non-current assets</b>		<b>761 350 277</b>	<b>774 464 959</b>
<b>Current assets</b>			
Inventories		103 264	103 264
Accounts and notes receivable	(8)	46 865 423	32 824 027
Debtors and other debit balances	(9)	79 151 107	62 381 449
Advances to billers		250 909 051	385 426 890
Due from related parties	(10)	24 196 675	12 425 523
Loans to related parties	(11)	37 602 912	37 602 912
Treasury Bills	(12)	707 822 168	551 749 245
Cash and cash at banks	(13)	548 223 708	616 985 307
<b>Total current assets</b>		<b>1694 874 308</b>	<b>1699 498 617</b>
<b>Total assets</b>		<b>2 456 224 585</b>	<b>2 473 963 576</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued and paid-up capital	(14)	453 652 060	353 652 060
Legal reserve	(15)	47 129 042	37 799 312
Paid up capital	(14)	--	100 000 000
Retained earnings		289 406 580	112 141 716
Net profit for the period/year		53 701 168	186 594 594
<b>Total equity</b>		<b>843 888 850</b>	<b>790 187 682</b>
<b>Non-Current liabilities</b>			
Deferred tax liabilities		10 174 641	10 174 641
<b>Total non current liabilities</b>		<b>10 174 641</b>	<b>10 174 641</b>
<b>Current liabilities</b>			
Bank Overdraft	(16)	89 282 355	222 983 552
Provisions	(17)	21 252 142	20 502 142
Accounts and notes payable	(18)	15 897 977	28 775 362
Accounts payable - Billers	(19)	827 194 409	770 253 418
Merchant advances		319 920 760	353 441 286
Retailers' POS security deposits		45 245 104	38 982 500
Creditors and other credit balances	(20)	124 476 655	108 553 154
Due to a related parties	(21)	113 639 383	94 235 697
Current income tax		45 252 309	35 874 142
<b>Total current liabilities</b>		<b>1602 161 094</b>	<b>1673 601 253</b>
<b>Total equity and liabilities</b>		<b>2 456 224 585</b>	<b>2 473 963 576</b>

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

Chief Finance Officer  
AbdelMaguid Afifi

Chief Executive Officer  
Ashraf Sabry

Chairman  
Saifullah Coultry

Auditor's limited review report attached.



**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, 2021**

<b>Three months ended</b>			
	<b>Note No.</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
		<b>EGP</b>	<b>EGP</b>
Operating revenues	(25)	250 114 910	195 183 438
Operating costs	(26)	(113 883 157)	(90 746 776)
<b>Gross margin</b>		<b>136 231 753</b>	<b>104 436 662</b>
<b>Add (Less):</b>			
General and administrative expenses	(27)	(59 954 420)	(45 694 922)
Allowances for the Board of Directors		( 392 067)	( 127 500)
Selling and marketing expenses	(28)	(57 947 212)	(37 954 100)
Health insurance contribution		( 684 826)	( 561 667)
Provisions formed	(17)	( 750 000)	( 510 000)
Net Revenue of the incentive of publishing selling points by Central Bank of Egypt's Initiative	(35)	19 278 912	--
Gain on disposal of fixed assets		1 907 633	380 262
Other revenues		1 059 464	797 193
<b>Operating profit</b>		<b>38 749 237</b>	<b>20 765 928</b>
Credit interest	(23)	27 136 717	13 319 815
Finance costs		(5 304 155)	(2 899 377)
Dividends from investments in subsidiaries		--	16 870 257
Gain from the sale of subsidiaries shares		6 680 000	--
Foreign currency exchange gain / (losses)		56 558	230 040
<b>Profit for the period before tax</b>		<b>67 318 357</b>	<b>48 286 663</b>
Current income tax		(13 617 189)	(6 724 984)
<b>Net profit for the period after tax</b>		<b>53 701 168</b>	<b>41 561 679</b>
<b>Earnings per share (EGP/share)</b>	(30)	<b>0.06</b>	<b>0.05</b>

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

Chief Finance 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 comprehensive income**  
**for the three months ended March 31, 2021**

	<u>Three months ended</u>		<u>Three months ended</u>	
	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>		
Profit for the period	53 701 168	41 561 679	49 224 366	27 443 579
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income	53 701 168	41 561 679	49 224 366	27 443 579

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

**Fawry for Banking and Payment Technology Services S.A.E.**  
**Condensed separate statement of changes in equity**  
**for the three months ended March 31, 2021**

Note No.	Issued and paid up capital	Legal reserve	Retained Earnings	Retained amount from retained earnings for capital increase	Net profit for the period		Total
	EGP	EGP	EGP	EGP	EGP	EGP	
Balance as of January 1, 2020	353 652 060	32 465 079	120 391 287	--	106 684 666	613 193 092	
<b>Items of comprehensive income</b>							
Net profit for the period	--	--	--	--	41 561 679	41 561 679	41 561 679
<b>Total comprehensive income (restated)</b>							
<b>Transactions with Company's owners</b>							
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	221 741 720	--	41 561 679	654 754 771	
Balance as of January 1, 2021	353 652 060	37 799 312	112 141 716	100 000 000	186 594 594	790 187 682	
<b>Items of comprehensive income</b>							
Net profit for the period	--	--	--	--	53 701 168	53 701 168	53 701 168
<b>Total comprehensive income for the period</b>							
<b>Transactions with Company's owners</b>							
Capital increase from retained earnings	100 000 000	--	--	(100 000 000)	--	--	--
Transferred to retained earnings and legal reserve	--	9 329 730	177 264 864	--	(186 594 594)	--	--
Total transactions with the Company's owners	--	9 329 730	177 264 864	(100 000 000)	(186 594 594)	--	--
Balance as of March 31, 2021	353 652 060	47 129 042	289 406 580	--	53 701 168	843 888 850	

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

**Fawry for Banking and Payment Technology Services S.A.E.**  
**Condensed separate interim statement of cash flows**  
**for the three months ended March 31, 2021**

	<u>Note</u>	<u>Three months ended</u>	
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
		<u>EGP</u>	<u>EGP</u>
<b><u>Cash flows from operating activities:</u></b>			
Net profit for the period before tax		67 318 357	48 286 663
<b><u>Adjusted by:</u></b>			
Depreciation and amortization	(29)	26 355 081	20 794 498
Provisions formed	(17)	750 000	510 000
Unrealized foreign currency exchange loss/(gain)		( 56 558)	( 230 040)
(Gain) on sale of fixed assets		(19 278 912)	( 380 262)
Dividends from investments in subsidiaries		--	(16 870 257)
Credit interest	(23)	(27 136 717)	(13 319 815)
Gain from the sale of subsidiaries shares		(6 680 000)	--
Finance costs		5 304 155	2 899 377
<b>Operating profit before changes in working capital</b>		<b>46 575 406</b>	<b>41 690 164</b>
<b><u>Changes in working capital</u></b>			
Decrease in inventories		--	1 519
Decrease/(Increase) in advances to billers		134 517 839	(39 716 381)
(Increase)/Decrease in debtors and other debit balances		(16 769 658)	(9 170 799)
(Increase) in accounts and notes receivable		(14 041 396)	(14 201 522)
(Increase) in due from related parties		(11 771 152)	10 189 503
Increase/(Decrease) in accounts and notes payable		(12 877 385)	(5 805 311)
Increase in billers payable		56 940 991	215 443 044
(Decrease) in due to related parties		19 403 686	(24 990 701)
Increase in advances to merchants		(33 520 526)	(5 989 222)
Increase in retail deposits		6 262 604	2 760 744
Increase in creditors and other credit balances		15 929 344	18 760 457
Paid income tax		27 136 717	11 325 517
Proceed from incentives of spreading pos points of CBE initiative	(36)	19 278 912	--
<b>Net cash provided from operating activities</b>		<b>237 065 382</b>	<b>200 297 012</b>
<b><u>Cash flows from investing activities</u></b>			
(Payments) to acquire fixed assets		(12 997 071)	(14 841 543)
(Payments) for projects under construction		(1 284 635)	(3 766 567)
(Payments) to acquire intangible assets		(9 970 661)	(13 127 726)
Proceeds from the sale of fixed assets		53 155 307	711 472
(Payments) to increase investments in subsidiaries		(34 053 000)	(35 000 000)
Proceeds from dividends from investments in subsidiaries		--	16 870 257
Net movement of treasury bills - more than three months		(228 449 160)	(200 674 338)
Net movement of cash from acquisition of subsidiaries		(34 077 999)	--
Proceeds from sale of subsidiaries shares		6 674 157	--
(Increase) in loans to related parties		--	(6 000 000)
<b>Net cash (used in) provided from investing activities</b>		<b>(261 003 062)</b>	<b>(255 828 445)</b>
<b><u>Cash flows from financing activities</u></b>			
Payments of finance expense		(5 304 155)	(2 899 377)
<b>Net cash provided from (used in) financing activities</b>		<b>(5 304 155)</b>	<b>(2 899 377)</b>
Net change in cash and cash equivalents during the period		(29 241 835)	(58 430 810)
Cash and cash equivalents at beginning of the period		616 985 307	590 265 668
Changing currency difference for cash and cash equivalent		56 558	230 040
<b>Cash and cash equivalents at end of the period</b>	(13)	<b>587 800 030</b>	<b>532 064 898</b>

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

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2021

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**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 6<sup>th</sup> 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 authorized for issuance at the Board of Directors meeting held on May 20, 2021.

**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, 2020.

**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, 2021

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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 To be applied to financial statements issued for periods starting from or after January 1, 2021.

On May 9, 2021, the Committee agreed to postpone the application of the Egyptian Accounting Standard (47) - Financial Instruments until the end of the year ending December 31, 2021.

4- Fixed assets (nsh)

Note No.	Land	Buildings	Networks and Servers	Point of sales machines	Computers	Furniture & Office equipment	Leasehold Improvements	Vehicles	Tools and Equipment		Fawry Branches	Total
									Super Fawry	EGP		
Costs	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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 year	--	--	1,426,991	119,209,807	4,043,834	708,190	--	--	--	1,474,916	126,863,738	
Disposals	--	--	--	(46,967,604)	--	--	--	--	--	--	(46,967,604)	
As of December 31, 2020	25,970,500	41,129,500	58,870,380	274,933,549	52,997,082	9,133,012	12,195,298	149,300	641,766	4,761,351	480,781,738	
As of January 1, 2021	25,970,500	41,129,500	58,870,380	274,933,549	52,997,082	9,133,012	12,195,298	149,300	641,766	4,761,351	480,781,738	
Additions during the period	--	--	--	10,160,233	1,788,894	9,250	--	--	--	1,038,694	12,997,071	
Disposals during the period*	--	--	--	(56,485,907)	--	--	--	--	--	--	(56,485,907)	
As of March 31, 2021	25,970,500	41,129,500	58,870,380	228,607,875	54,785,976	9,142,262	12,195,298	149,300	641,766	5,800,045	437,292,902	
Accumulated depreciation												
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	166,043,417	
Depreciation for the year	--	1,028,238	9,944,345	41,071,324	11,855,729	1,575,470	2,190,477	--	--	714,924	68,380,507	
Depreciation of disposals	--	--	--	(5,638,398)	--	--	--	--	--	--	(5,638,398)	
As of December 31, 2020	--	4,198,638	43,620,064	137,546,784	26,906,892	6,408,384	8,544,229	149,298	641,739	769,498	228,785,526	
As of January 1, 2021	--	4,198,638	43,620,064	137,546,784	26,906,892	6,408,384	8,544,229	149,298	641,739	769,498	228,785,526	
Depreciation for the period	--	257,059	3,732,608	13,388,455	1,697,058	311,771	534,205	--	--	251,220	20,172,376	
Depreciation of disposals	--	--	--	(5,238,233)	--	--	--	--	--	--	(5,238,233)	
As of March 31, 2021	--	4,455,697	47,352,672	145,697,006	28,603,950	6,720,155	9,078,434	149,298	641,739	1,020,718	243,719,670	
Net book value												
As of January 1, 2020	25,970,500	36,673,803	11,517,708	82,910,868	26,182,026	2,422,107	3,116,865	2	27	4,779,327	193,573,232	
As of December 31, 2020	25,970,500	36,673,803	11,517,708	82,910,868	26,182,026	2,422,107	3,116,865	2	27	4,779,327	193,573,232	
As of March 31, 2021	25,970,500	36,930,862	15,250,316	137,386,764	26,090,190	2,724,628	3,651,069	2	27	3,991,853	251,996,210	

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 847,047 EGP.

\* Disposals include points of sale deployed under the central bank's initiative, Note (35).

**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, 2021

**5. Intangible assets (net)**

	<u>Licenses</u>	<u>Programs</u>	<u>Total</u>
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
As of January 1, 2020	34 893 247	160 018 327	194 911 574
Additions during the year	3 974 224	62 363 981	66 338 205
As of December 31, 2020	38 867 471	222 382 308	261 249 779
As of January 1, 2021	38 867 471	222 382 308	261 249 779
Additions during the period	--	16 153 366	16 153 366
As of March 31, 2021	38 867 471	238 535 674	277 403 145
<u>Accumulated amortization</u>			
As of January 1, 2020	10 601 905	45 290 845	55 892 750
Amortization for the year	4 275 033	17 527 930	21 802 963
As of January 1, 2021	14 876 938	62 818 775	77 695 713
Amortization for the period	638 814	5 543 891	6 182 705
As of March 31, 2021	15 515 752	68 362 666	83 878 418
<u>Net book value</u>			
As of March 31, 2021	23 351 719	170 173 008	193 524 727
As of December 31, 2019	23 990 533	159 563 533	183 554 066

**6. Projects Under Construction**

The increase in Projects under construction mainly due to additions of programs and licenses by amount of EGP 1 284 635.

**7. Investments in subsidiaries**

On February 18, 2021, The Company increased its investments in Fawry Plus for Banking Services Co. S.A.E. by 60.46%. with 34 078 000 shares, the nominal value of the share is 1 EGP, amounting to EGP 34 078 000, The Company's share in the capital increase was paid in an amount of 34 078 000 EGP.

**8. Accounts and Notes receivable**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Debtor-Billed	45 740 211	31 698 815
Notes receivable	1 125 212	1 125 212
	<u>46 865 423</u>	<u>32 824 027</u>

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, therefore the receivables increased by EGP 14 041 396.

**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, 2021

**9. Debtors and other debit balances**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	11 051 540	2 616 920
Accrued revenue	20 759 607	15 399 190
Prepaid expenses	12 980 673	9 480 267
Deposits with others	731 552	566 200
Withholding tax	18 224 064	16 543 269
Other debit balances	15 403 671	17 775 603
	<u>79 151 107</u>	<u>62 381 449</u>

**10. Due from related parties**

	<u>Type</u>	<u>Account type</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>			<u>EGP</u>	<u>EGP</u>
Fawry FMCG	(subsidiary)	Current account	5 514 624	3 553 583
Fawry for Micro Finance	(subsidiary)	Current account	--	287 061
Wafarrha.com	(associate)	Current account	220 211	220 211
Fawry for insurance Brokerage	(subsidiary)	Current account	1 446 964	874 264
Tazcra	(associate)	Current account	1 297 867	1 211 102
Fawry Plus for banking services	(Subsidiary)	Current account	15 717 009	6 279 302
			<u>24 196 675</u>	<u>12 425 523</u>

**11. Loans to related parties**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Fawry plus for banking services (subsidiary)-short term	37 602 912	37 602 912
Fawry for microfinance – long term	190 190 531	--

-On the 10<sup>th</sup> of December 2018 a short-term loan contract was signed with Fawry Plus for banking services and it was agreed by all the members of as per the general assembly meeting held as of this date, as a result, a short term loan amounted EGP 14 615 412 with a yearly interest rate according to the CBE Lending rate for a period of one year from the date of signing the loans contract.

-On the 10<sup>th</sup> of December 2018 a short-term loan contract was signed with Fawry Plus for banking services amounted EGP 9 275 000 with a yearly interest rate that varies between the CBE Lending rate and the CBE Lending rate plus 2.5%, this loan was initiated throughout 2019.

-Throughout 2019 a short-term loan contract was signed with Fawry Plus for banking services amounted EGP 2 Million monthly with an interest rate according to the CBE Lending rate and the loan balance as of the date of the financials has reached EGP 14 Million.

-On the 29<sup>th</sup> of December 2020 the company agreed to transfer all the due from Fawry for micro finances to a loan under a two years financing contract. And the loan balance as of the financials date is EGP 190 190 531 and the two parties agreed to rely on the CBE Discount rate in calculating the loan's interest rate, the interest rate amount during the period is EGP 4 301 701.

**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, 2021

**12. Treasury Bills**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	895 500 000	592 500 000
<b><u>Deduct:</u></b>		
Unrealized interest	(187 677 832)	(40 750 755)
	<b><u>707 822 168</u></b>	<b><u>551 749 245</u></b>

**13. Cash and bank balances**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Cash	78 062 872	--
Current accounts at banks – local currency	88 937 933	119 190 823
E-Acceptance (transactions under settlement)	34 316 998	18 674 265
Cash collection agencies	323 379 850	376 239 906
Current accounts at banks – foreign currency	5 151 895	4 848 411
Time deposits – local currencies	10 387 724	90 074 795
Time deposits – foreign currency	7 986 436	7 957 107
<b>Cash and cash at banks</b>	<b><u>548 223 708</u></b>	<b><u>616 985 307</u></b>

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

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	548 223 708	616 985 307
Treasury bills – less than 3 months	39 576 322	--
	<b><u>587 800 030</u></b>	<b><u>616 985 307</u></b>

**14. Capital**

The Company's authorized capital amounted to EGP 1 Billion, and the issued and paid-up capital amounted to EGP 453 652 060, divided among EGP 907 304 120 shares.

**15. Legal Reserve**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Beginning balance	37 799 312	32 465 079
Transferred from prior year's net revenue	9 329 730	5 334 233
	<b><u>47 129 042</u></b>	<b><u>37 799 312</u></b>

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**16. Banks credit facilities**

On April 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of EGP 80 million at the prevailing market rates, The credit facility will be used for the payment of the advances to billers (Telecommunication companies), the duration of the credit facility starts from April 7, 2020 to February 28, 2021 and the balance reached 2 847 535 Egyptian pounds on March 31, 2021 (December 31, 2020 : 79 983 552 million Egyptian pounds).

On June 15, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 100 million EGP at the prevailing market rates, the duration of the credit facility starts from June 15, 2020, and the balance reached 86 434 821 Egyptian pounds on March 31, 2021 (December 31, 2020: 94 million Egyptian pounds).

On August 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of EGP 50 million at the prevailing market rates, and the balance on March 31, 2021 : Nil (December 31, 2020: 49 million Egyptian pounds)

**17. Provisions**

	<u>Balance as of</u> <u>January 1, 2021</u>	<u>Formed during the</u> <u>period</u>	<u>Balance as of</u> <u>March 31, 2021</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	20 502 142	750 000	21 252 142
	<u>20 502 142</u>	<u>750 000</u>	<u>21 252 142</u>

**18. Accounts and Notes Payable**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts payable	15 535 870	27 046 581
Notes payable	1 362 107	1 728 781
	<u>15 897 977</u>	<u>28 775 362</u>

**19. Accounts Payable – Billers**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Billers payable	746 043 092	630 187 367
Billers' notes payable	81 151 317	140 066 051
	<u>827 194 409</u>	<u>770 253 418</u>



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**20. Creditors and other credit balances**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	35 308 600	24 059 177
Accrued commissions	36 634 903	33 806 311
Tax Authority	36 835 069	33 103 000
Unearned Revenue	903 723	2 776 749
Health insurance contributions	3 213 744	2 528 917
Under settlement transactions	7 870 476	7 955 177
Other credit balances	3 710 140	4 323 823
	<u>124 476 655</u>	<u>108 553 154</u>

**21. Due to related parties**

	<u>Nature of relationship</u>	<u>Account type</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
			<u>EGP</u>	<u>EGP</u>
Fawry for Integrated Systems	Subsidiary	Current account	56 775 556	57 381 002
Fawry Dahab for Electronic Services	Subsidiary	Current account	46 923 084	36 854 695
Fawry for Micro Finances	Subsidiary	Current account	9 940 743	--
			<u>113 639 383</u>	<u>94 235 697</u>

**22. 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, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	826 744 625	826 744 625
	<u>826 744 625</u>	<u>826 744 625</u>

- The letters of guarantee facilities for the company in the date of the separate financial statements amounted to EGP 911.5 million as of March 31, 2021 utilized amount from the banks facilities amounted to EGP 826.07 million in the form of issued letters of guarantee.

**23. Credit Interest**

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Current accounts and Time deposits credit interest	780 995	2 315 329
Treasury bills credit interest	21 195 304	9 971 486
Loans to related parties credit interest	5 160 418	1 033 000
	<u>27 136 717</u>	<u>13 319 815</u>

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**24. Significant related parties' transactions**

<u>Nature of the Transaction</u>		<u>Volume of transactions</u> <u>during the period</u>
		<u>EGP</u>
Fawry Dahab for	Electronic Payment services revenue	(74 033 216)
Electronic Services	Electronic Payment services cost	40 749 176
	Dividends income from related party	12 780 423
Fawry Integrated Services	Intangible assets acquisition	(15 651 057)
	POS machine sales from related party	(10 160 227)
Fawry Plus for Banking	Cost of cash collection on behalf of related	(17 201 977)
Services	party	
	E-Acceptance transactions by related	6 387 997
	parties	
	Credit interest from the related party	848 000
Fawry for Micro Finance	Payments to Capital increase	(4 426 302)

**25. Operating revenues**

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Transactions services revenues – collection fees	232 115 191	184 251 079
Subscription revenues	17 999 719	10 932 359
	<u>250 114 910</u>	<u>195 183 438</u>

**26. Operating costs**

The main reason behind the increase in operating costs is the increase of merchants' fees by the amount of EGP 11.8 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 7.8 million.

**27. 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 8.7 million, the increase in depreciation and amortization by an amount of EGP 6.1 million. In addition to the increase in outsourcing, technical support and services with an amount of EGP 7.7 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 12.5 million, the increase in selling and marketing commission by an amount of EGP 4.6 million. In addition to the increase of marketing and advertising expenses by an amount of EGP 3.7 million during the period.

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**29. Depreciation and amortization**

Depreciation and amortization of EGP 26 355 081 reported in the statement of profit or loss represents depreciation for fixed assets for EGP 20 172 376 (Note No. 4) and amortization of intangible assets for EGP 6 182 705 (Note No. 5), has been allocated as follows:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Operating costs	7 425 034	7 938 494
General and administrative expenses	18 929 949	12 856 004
	<u>26 355 083</u>	<u>20 794 498</u>

**30. 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, 2021</u>	<u>March 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Net profit of the period	53 701 168	41 561 679
Average number of shares during the period *	907 304 120	907 304 120
<b>Earnings per share for the period</b>	<b>0.06</b>	<b>0.05</b>

**31. Tax Position****Corporate tax**

The Company's profit is subject to tax in accordance with 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 2017**

- 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.

**The years from 2018 until 2019**

- The company was not notified by the tax authority with the date of the tax examination.

**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 or notified from the tax authorities.

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### **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 have not been yet inspected by the tax authority for those years.

### **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 have not been yet inspected by the tax authority for those years.

### **Withholding tax**

The Company's records have not been yet inspected by the tax authority.

## **32. 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 September 30, 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.

## **33. Significant events during the period**

- On February 23, 2021, the Company's Board of Directors decided to authorize the CEO and Managing Director of the company to negotiate with some shareholders of Fawry Plus for Banking Services S.A.E, to acquire their entire shares in fawry Plus for Banking Services.
- On January 28<sup>th</sup> 2021, the board of directors agreed to underwrite the whole increase in Fawry plus for Banking Services capital with a maximum amount on EGP 35 Million and delegated the CEO and CFO to make this action, the company's share of stocks in Fawry plus for banking services will be 60%.

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

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For the three months ended March 31, 2021

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- On February 23, 2021, the Company's General Assembly approved the application of the system of motivation and motivation for employees, directors and executive board members of the company by promising to allocate shares and/or grant free shares and to authorize the Chairman and/or CEO and Managing Director of the company to take all necessary measures. The approval of the General Authority for Financial Supervision was approved on May 10, 2021.

- 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.

On April 8, 2020 - The Egyptian government officially announced that it would prohibit the 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 maximum allowed 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, the continuation of the public transportation working hours until the midnight and the reopening of theaters and cinemas with a maximum allowed capacity of 25%.

The company has conducted a study with a view to assess 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. Management concluded that there is no material negative impact on its business and activities, the first quarter 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 quarter of this year.

In this regard, management conducted a study for the purpose of assessing the potential risks related to the Company's ability to provide its services through its multiple products and its impact on the Company's activities as a whole, human resources, in order to ensure the continuation of the Company's activities without interruption. The study includes the following elements:

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

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- The risk of impairment in investments.
- Collection risks related to debit balances and related parties on their maturity dates.
- Liquidity risk related to settlement of obligations towards creditors, billers and merchants.

The company's management concluded that it is not expected that a material negative impact will occur on its business and activities. The management is closely following up on the situation and continuously evaluating its impact on the company's activities in anticipation of any developments that may affect negatively by this pandemic, that enabling the company to adjust the necessary plans to face the potential negative effects, if any.

### **34. Subsequent events:**

- On April 29, 2021, the AGM decided to distribute EGP 15.7 million for employees.
- On March 30, 2021, the company requested approval from the Financial Regulatory Authority to publish an announcement inviting former shareholders to subscribe in the shares of the increase in the issued capital of the company from EGP 453 652 060 to EGP 853 652 060, an increase of EGP 400,000,000 distributed over 800,000,000 shares with a nominal value of EGP 0.5 per share and the shares of the increase are still subscription.

### **35. CBE's initiative related incentive.**

During the fiscal year 2020, the Company entered into agreements with some Egyptian banks with the aim of cooperating in purchasing, deploying and managing points of sale under the Central Bank of Egypt 's initiative to promote for the use and acceptance of electronic payments which was issued during May 2020, the aforementioned initiative included the disbursement of an incentive for each electronic point of sale installed according to the type of machine and its geographical location.

The total incentive included in the profit or loss that the company obtained in exchange for deploying and installing points of sale under that initiative was an amount of 68 206 579 EGP, while the cost of purchasing the POS equipment amounted to 48 927 667 EGP which were derecognized from fixed assets (note 4).