

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

**Condensed Separate 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 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 September 30, 2020 and the related condensed separate 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 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

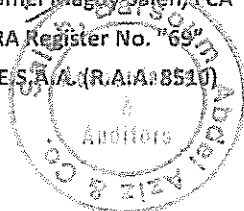
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as at September 30, 2020, and of its separate financial performance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

Cairo – November 15, 2020.


Karam Magdy Saleh, FCA

FRA Register No. 169

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 September 30, 2020

	<u>Note No.</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
<u>Non-current assets</u>			
Fixed assets (net)	(4)	257 195 903	234 842 185
Intangible assets (net)	(5)	173 202 555	139 018 824
Projects under construction	(6)	12 525 350	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		572 243 834	476 273 574
<u>Current assets</u>			
Inventories		105 542	109 339
Accounts and notes receivable	(8)	39 780 876	22 531 916
Debtors and other debit balances	(9)	26 272 975	38 894 180
Advances to billers		198 822 031	202 366 328
Due from related parties	(10-22)	168 684 718	126 645 181
Loans to related parties	(11)	37 816 579	27 816 579
Treasury Bills	(12)	498 004 902	216 282 572
Cash and cash at banks	(13)	493 101 678	428 045 205
Total current assets		1462 589 301	1062 691 300
Total assets		2 034 833 135	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		212 141 718	120 391 285
Net profit for the period/year		122 438 013	106 684 666
Total equity		726 031 103	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)	19 992 142	18 462 142
Bank Overdraft	(16)	18 324 504	--
Accounts and notes payable	(17)	20 893 495	16 812 422
Accounts payable - Billers	(18)	762 018 965	437 368 051
Merchant advances		281 198 881	218 095 479
Retailers' POS security deposits		28 523 889	23 116 484
Creditors and other credit balances	(19)	105 114 088	84 389 933
Due to a related parties	(20-22)	42 516 645	94 357 953
Current income tax		22 136 044	25 085 941
Total current liabilities		1300 718 653	917 688 405
Total equity and liabilities		2 034 833 135	1 538 964 874

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

Chief Finance Officer

M.A. 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 nine months ended September 30, 2020

	Note No.	Nine months ended		Three months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		EGP	EGP		
Operating revenues	(23)	664 199 543	490 799 689	249 575 676	181 190 600
Operating costs	(24)	(286 628 892)	(239 274 296)	(102 204 042)	(82 904 183)
Gross margin		377 570 651	251 525 393	147 371 634	98 286 417
Add (Less):					
General and administrative expenses	(25)	(137 342 776)	(107 718 456)	(46 859 364)	(36 433 138)
Allowances for the Board of Directors		(682 500)	(873 000)	(277 500)	(291 000)
Selling and marketing expenses	(26)	(147 285 412)	(91 329 638)	(60 975 774)	(35 272 901)
Health insurance contribution		(1 843 711)	(1 360 233)	(701 457)	(486 233)
Provisions formed	(15)	(1 530 000)	(1 350 000)	(510 000)	(450 000)
Gain on disposal of fixed assets		616 638	4 569 294	53 496	1 457 165
Other revenues		2 388 715	2 064 659	1 014 159	700 283
Operating profit		91 891 605	55 528 019	39 115 194	27 510 593
Credit interest		44 918 176	39 915 651	18 168 441	10 996 328
Finance costs		(11 195 948)	(10 231 978)	(4 388 878)	(3 657 914)
Dividends from investments in subsidiaries		25 648 133	6 743 761	8 777 876	--
Other Expenses		--	(3 626 981)	--	--
Foreign currency exchange gain / (losses)		209 617	(2 362 559)	33 827	1 314 732
Profit for the period before tax		151 471 583	85 965 913	61 706 460	36 163 739
Current income tax		(29 033 570)	(18 817 076)	(14 482 094)	(8 720 160)
Net profit for the period after tax		122 438 013	67 148 837	47 224 366	27 443 579
Earnings per share (EGP/share)	(28)	0.17	0.09	0.07	0.04

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 nine months ended September 30, 2020

	<u>Nine months 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>
	EGP	EGP		
Profit for the period	122 438 013	67 148 837	49 224 366	27 443 579
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income	122 438 013	67 148 837	49 224 366	27 443 579

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

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 cash flows
for the nine months ended September 30, 2020

	Note	Nine months ended	
		September 30, 2020	September 30, 2019
		EGP	EGP
Cash flows from operating activities:			
Net profit for the period before tax		151 471 583	85 965 913
Adjusted by:			
Depreciation and amortization	(27)	65 125 796	49 058 271
Provisions formed	(15)	1 530 000	1 350 000
Unrealized foreign currency exchange loss/(gain)		(209 617)	2 362 559
(Gain) on sale of fixed assets		(616 638)	(4 569 294)
Dividends from investments in subsidiaries		(25 648 133)	--
Credit interest		(44 918 176)	(39 915 651)
Finance costs		11 195 948	10 231 978
Operating profit before changes in working capital		157 930 763	104 483 776
Changes in working capital			
Decrease in inventories		3 797	50 873
Decrease/(Increase) in advances to billers		3 544 297	(7 158 327)
(Increase)/Decrease in debtors and other debit balances		(2 249 327)	16 390 147
(Increase) in accounts and notes receivable		(17 248 960)	(16 476 883)
(Increase) in due from related parties		(42 039 537)	(65 078 153)
Increase/(Decrease) in accounts and notes payable		4 081 073	(10 998 469)
Increase in billers payable		324 650 914	126 611 166
(Decrease) in due to related parties		(51 841 308)	(61 840 511)
Increase in advances to merchants		63 103 402	70 115 300
Increase in retail deposits		5 407 405	2 898 500
Increase in creditors and other credit balances		17 461 572	30 878 105
Paid income tax		(13 850 452)	(21 609 427)
Credit interest received		44 918 176	39 915 651
Provisions used		--	(5 163 434)
Net cash provided from operating activities		493 871 815	203 018 314
Cash flows from investing activities			
(Payments) to acquire fixed assets		(72 591 006)	(63 673 129)
(Payments) for projects under construction		(4 432 811)	(2 057 312)
(Payments) to acquire intangible assets		(50 079 237)	(17 477 181)
Proceeds from the sale of fixed assets		1 623 637	5 150 296
(Payments) to increase investments in subsidiaries		(35 000 000)	(5 099 991)
Proceeds from dividends from investments in subsidiaries		25 648 133	--
Net movement of treasury bills - more than three months		(216 506 731)	69 236 965
(Increase) in loans to related parties		(10 000 000)	(9 201 167)
Net cash (used in) provided from investing activities		(361 338 015)	(23 121 519)
Cash flows from financing activities			
Proceeds from bank facilities		18 324 504	--
Dividends paid		(9 600 000)	(15 860 998)
Payments of finance expense		(11 195 948)	(10 231 978)
Net cash provided from (used in) financing activities		(2 471 444)	(26 092 976)
Net change in cash and cash equivalents during the period		130 062 356	153 803 819
Cash and cash equivalents at beginning of the period		590 265 668	556 494 210
Changing currency difference for cash and cash equivalent		209 617	(2 362 559)
Cash and cash equivalents at end of the period	(13)	720 537 641	707 935 470

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
Saifulah Country

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

Condensed separate statement of changes in equity

for the nine months ended September 30, 2020

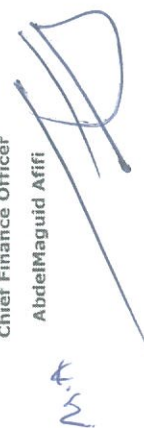
Note No.	Issued and paid up capital	Legal reserve	Retained Earnings	Net profit for the period	Total
	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2019	353 652 060	28 905 446	54 155 406	71 192 667	507 905 579
The impact of early implementation of EAS 49	--	--	14 463 845	--	14 463 845
Balance as of January 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	--	--	--	67 148 837	67 148 837
Total comprehensive income (restated)	--	--	--	67 148 837	67 148 837
Transactions with Company's owners					
Dividends distributions	--	--	(15 860 998)	--	(15 860 998)
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	51 772 036	(71 192 667)	(15 860 998)
Balance as of September 30, 2019	353 652 060	32 465 079	120 391 287	67 148 837	573 657 263
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	--	--	--	122 438 013	122 438 013
Total comprehensive income for the period	--	--	--	122 438 013	122 438 013
Transactions with Company's owners					
Dividends	--	--	(9 600 000)	--	(9 600 000)
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	91 750 433	(106 684 666)	(9 600 000)
Balance as of September 30, 2020	353 652 060	37 799 312	212 141 718	122 438 013	726 031 103

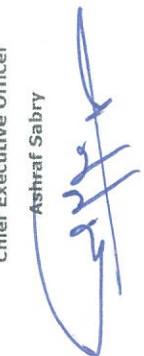
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Chief Finance Officer
AbdelMaguid Afifi

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 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 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 authorized for issuance at the Board of Directors meeting held on November 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 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.

4- Fixed assets (net)

	Note No.	Land	Buildings	Networks and Servers	Point of sale machines	Computers	Furniture & Office equipment	Leasehold Improvements	Vehicles	Tools and Equipment	Fawry Branches		Total
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	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		--	--	1,392,478	67,770,834	2,548,570	350,181	--	--	--	528,943	--	72,591,006
Disposals during the period		--	--	--	(3,978,265)	--	--	--	--	--	--	--	(3,978,265)
As of September 30, 2020		25,970,500	41,129,500	58,835,867	266,483,915	51,501,818	8,775,003	12,195,298	149,300	641,766	3,815,378	--	469,498,345
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	29,798,293	2,610,223	1,368,681	2,206,802	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	--	166,043,417
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 period		--	771,178	14,718,327	28,644,305	1,786,528	1,144,101	1,644,161	--	--	521,690	--	49,230,290
Depreciation of disposals		--	--	--	(2,971,266)	--	--	--	--	--	--	--	(2,971,266)
As of September 30, 2020		--	3,941,578	48,394,046	127,786,897	16,837,691	5,977,015	7,997,913	149,298	641,739	576,264	--	212,302,441
Net book value													
As of September 30, 2020		25,970,500	37,187,922	10,441,821	138,697,017	34,664,127	2,797,988	4,197,386	2	27	3,239,114	--	257,195,903
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 nine months ended September 30, 2020

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, 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 December 31, 2019	34 893 247	160 018 327	194 911 574
As of January 1, 2020	34 893 247	160 018 327	194 911 574
Additions during the period	1 366 702	48 712 535	50 049 237
As of September 30, 2020	36 229 949	208 730 862	244 990 811
<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	2 589 297	13 306 209	15 895 506
As of September 30, 2020	13 191 202	58 597 054	71 788 256
<u>Net book value</u>			
As of September 30, 2020	23 038 747	150 133 808	173 202 555
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 4 million.

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 16 133 248 and notes receivable by an amount of EGP 1 115 712.

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

Notes to the condensed separate interim financial statements

For the nine months ended September 30, 2020

9. Debtors and other debit balances

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	888 407	365 059
Accrued revenue	1 754 428	2 520 076
Prepaid expenses	6 404 164	7 068 199
Deposits with others	541 200	512 700
Withholding tax	8 102 290	19 305 690
Other debit balances	8 582 486	9 122 456
	<u>26 272 975</u>	<u>38 894 180</u>

The decrease in debtors and other debit balances is due to the decrease in withholding taxes by an amount of EGP 11 Million.

10. Due from related parties

	<u>Type</u>	<u>Account type</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>			<u>EGP</u>	<u>EGP</u>
Bosta	(associate company)	Current account	7 300 970	7 300 970
Fawry FMCG	(subsidiary)	Current account	2 639 869	854 705
Fawry Micro Finance	(subsidiary)	Current account	148 071 262	114 855 532
Wafarrha.com	(associate company)	Current account	220 211	303 576
Fawry Brokerage	(subsidiary)	Current account	738 583	604 746
Tazcra	(associate company)	Current account	1 078 445	698 873
Fawry Plus for banking services	(associate company)	Current account	8 635 378	2 026 779
			<u>168 684 718</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 10 Million during the period.

12. Treasury Bills

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	531 100 000	223 000 000
<u>Deduct:</u>		
Unrealized interest	(33 095 098)	(6 717 428)
	<u>498 004 902</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 nine months ended September 30, 2020

13. Cash and bank balances

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Cash	57 265 802	17 219 705
Current accounts at banks – local currency	71 342 945	211 510 960
E-Acceptance (transactions under settlement)	12 401 805	19 905 922
Cash at money transfer companies	330 983 407	146 963 287
Current accounts at banks – foreign currency	2 979 778	6 319 703
Time deposits – local currencies	10 007 671	10 021 918
Time deposits – foreign currency	8 120 270	16 103 710
Cash and cash at banks	493 101 678	428 045 205

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

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	493 101 678	600 641 470
Treasury bills – less than 3 months	227 435 963	107 294 470
	720 537 641	707 935 470

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>January 1, 2020</u>	<u>Formed during the</u> <u>period</u>	<u>Balance as of</u> <u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	18 462 142	1 530 000	19 992 142
	18 462 142	1 530 000	19 992 142

16. 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 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).

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For the nine months ended September 30, 2020

17. Accounts and Notes Payable

	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts payable	19 574 850	14 157 557
Notes payable	1 318 645	2 654 865
	<u>20 893 495</u>	<u>16 812 422</u>

18. Accounts Payable – Billers

	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Billers payable	762 018 965	322 148 856
Billers' notes payable	--	115 219 195
	<u>762 018 965</u>	<u>437 368 051</u>

19. Creditors and other credit balances

	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	31 026 819	18 666 755
Accrued commissions	27 700 067	23 635 261
Tax Authority	27 296 546	26 318 249
Unearned Revenue	2 484 845	2 662 009
Health insurance contributions	1 843 712	1 904 886
Under settlement transactions	5 939 548	7 509 236
Other credit balances	8 822 551	3 693 537
	<u>105 114 088</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 12.3 Million, accrued commissions by an amount of EGP 4 million which mainly represent commissions to merchants and banks, In addition to the decrease of transactions under settlements by an amount of EGP 1.5 million and increase in other credit balances by an amount of EGP 5 Million.

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20. Due to related parties

	<u>Nature of relationship</u>	<u>Account type</u>	<u>September 30, 2020 EGP</u>	<u>December 31, 2019 EGP</u>
Fawry Integrated Systems	Subsidiary	Current account	25 263 465	59 084 695
Fawry Dahab for Electronic Services	Subsidiary	Current account	17 253 180	35 273 258
			<u>42 516 645</u>	<u>94 357 953</u>

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

- 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.

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22. 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	215 549 000
Electronic Services	Electronic Payment services cost	(118 591 691)
	Dividends income from related party	16 870 257
Fawry Integrated Services	Intangible assets acquisition	48 712 535
	POS machine sales	67 770 834
Fawry Plus for Banking	Loans to related party	10 000 000
Services	Cost of cash collection on behalf of related party	(27 731 565)
	E-Acceptance transactions by related parties	5 575 909
	Credit interest from the related party	2 991 401
Fawry for Micro Finance	Payments to Capital increase	35 000 000

23. Operating revenues

	<u>September 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
	<u>EGP</u>	<u>EGP</u>
Transactions services revenues – collection fees	616 017 540	467 399 414
Other operating revenues	48 182 003	23 400 275
	<u>664 199 543</u>	<u>490 799 689</u>

24. Operating costs

The main reason behind the increase in operating costs is the increase of merchants' fees by the amount of EGP 10 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 35 million.

25. 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 17 million. In addition to the increase in outsourcing, technical support and services with an amount of EGP 7.7 million.

26. 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 22 million, the increase in selling and marketing commission by an amount of EGP 25 million. In addition to the increase of marketing and advertising expenses by an amount of EGP 8.6 million during the period.

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For the nine months ended September 30, 2020

27. Depreciation and amortization

Depreciation and amortization of EGP 65 125 796 reported in the statement of profit or loss represents depreciation for fixed assets for EGP 49 230 290 (Note No. 4) and amortization of intangible assets for EGP 15 895 506 (Note No. 5), has been allocated as follows:

<u>Description</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2020</u>	<u>2019</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	23 518 572	24 752 738
General and administrative expenses	41 607 224	24 305 533
	<u>65 125 796</u>	<u>49 058 271</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>September 30,</u>	<u>September 30,</u>
	<u>2020</u>	<u>2019</u>
	<u>EGP</u>	<u>EGP</u>
Net profit of the period	122 438 013	67 148 837
Average number of shares during the period *	707 304 120	707 304 120
Earnings per share for the period	0.17	0.09

* 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.

29. 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 date of financial statements

- 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.

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 date of financial statements

- 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 date of financial statements**

- 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.

30. 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.

31. 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.

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On 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 May 31, 2020, the Ordinary General Assembly decided to distribute 9.6 million Egyptian pounds to employees and distribute 100 million Egyptian pounds to shareholders in the form of bonus shares. On April 8, 2020 - The Egyptian Government has officially announced a curfew across the Republic from 8 p.m. to 6 a.m. and excluded from the implementation of the first article of this decision, concerning the curfew, the service of international information network and communications network operators, electronic procurement applications and ATM cards, all delivery of services, beverages and goods to customers, whether demand through electronic applications or other, and all employees in these sectors with adhering to all necessary medical precautions.

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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 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.

32. 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 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

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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.

33. 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)	114 390 958	179 348 797	64 957 839
Prepaid rent expense - Finance lease.	21 014 396	--	(21 014 396)
Retained earnings	125 348 071	139 811 916	(14 463 845)
Finance lease liabilities	--	25 394 406	(25 394 406)
Deferred tax liabilities	1 695 724	5 780 916	(4 085 192)

Chief Finance Officer
M.A. Abdel Meguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry,