

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

**Condensed Separate Interim Financial Statements  
For the six months ended June 30, 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 June 30, 2021 and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months' period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed 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 June 30, 2021, and of its separate financial performance and its separate cash flows for the six months' period then ended in accordance with Egyptian Accounting Standard No. (30)" Interim financial statements".

Cairo – August 15, 2021.

Kamel 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 June 30, 2021**

	<u>Note No.</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
		<u>EGP</u>	<u>EGP</u>
<b>Assets</b>			
<b><u>Non-current assets</u></b>			
Fixed assets (net)	(4)	219 716 930	251 996 210
Intangible assets (net)	(5)	233 498 076	183 554 066
Projects under construction	(6)	28 260 397	11 889 489
Investments in subsidiaries	(7)	156 014 432	99 161 433
Investments in associates	(8)	12 623 230	35 423 230
Financial investments at fair value through OCI	(9)	31 416 676	--
Investments in joint ventures		2 250 000	2 250 000
Loans to related parties - long term	(13)	139 588 992	190 190 531
<b>Total non-current assets</b>		<b>823 368 733</b>	<b>774 464 959</b>
<b><u>Current assets</u></b>			
Inventories		307 158	103 264
Accounts and notes receivable	(10)	42 885 223	32 824 027
Debtors and other debit balances	(11)	44 231 793	62 381 449
Advances to billers		491 907 050	385 426 890
Due from related parties	(12)	16 366 087	12 425 523
Loans to related parties	(13)	9 275 000	37 602 912
Treasury Bills	(14)	966 019 171	551 749 245
Cash and cash at banks	(15)	995 413 029	616 985 307
<b>Total current assets</b>		<b>2 566 404 511</b>	<b>1 699 498 617</b>
<b>Total assets</b>		<b>3 389 773 244</b>	<b>2 473 963 576</b>
<b><u>Equity and liabilities</u></b>			
<b><u>Equity</u></b>			
Issued and paid-up capital	(16)	853 652 060	353 652 060
Legal reserve	(17)	47 129 042	37 799 312
Reserve for employee stock ownership plan (ESOP)	(38)	13 362 204	--
Paid up capital		--	100 000 000
Retained earnings		274 840 114	112 141 716
Net profit for the period/year		90 529 802	186 594 594
<b>Total equity</b>		<b>1 279 513 222</b>	<b>790 187 682</b>
<b><u>Non-Current liabilities</u></b>			
Deferred tax liabilities		15 411 508	10 174 641
<b>Total non current liabilities</b>		<b>15 411 508</b>	<b>10 174 641</b>
<b><u>Current liabilities</u></b>			
Bank Overdraft	(18)	296 519 181	222 983 552
Provisions	(19)	22 102 142	20 502 142
Accounts and notes payable	(20)	14 444 010	28 775 362
Accounts payable - Billers	(21)	1 140 950 562	770 253 418
Merchant advances		329 431 064	353 441 286
Retailers' POS security deposits		52 247 969	38 982 500
Creditors and other credit balances	(22)	118 460 198	108 553 154
Due to a related parties	(23)	109 617 230	94 235 697
Current income tax		11 076 158	35 874 142
<b>Total current liabilities</b>		<b>2 094 848 514</b>	<b>1 673 601 253</b>
<b>Total equity and liabilities</b>		<b>3 389 773 244</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

Auditor's limited 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 six months ended June 30, 2021**

	Note No.	Six months ended		Three months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		EGP	EGP		
Operating revenues	(27)	521 758 966	414 623 867	271 644 056	219 440 429
Operating costs	(28)	(236 145 708)	(184 424 850)	(122 262 551)	(93 678 074)
<b>Gross margin</b>		<b>285 613 258</b>	<b>230 199 017</b>	<b>149 381 505</b>	<b>125 762 355</b>
<b>Add (Less):</b>					
General and administrative expenses	(29)	(130 774 758)	(90 483 412)	(70 820 338)	(44 788 490)
Allowances for the Board of Directors		(1 247 067)	( 405 000)	( 855 000)	( 277 500)
Selling and marketing expenses	(30)	(122 742 539)	(86 309 638)	(64 795 327)	(48 355 538)
Health insurance contribution		(1 520 123)	(1 142 254)	( 835 297)	( 580 587)
Provisions formed	(19)	(1 600 000)	(1 020 000)	( 850 000)	( 510 000)
Net gain from incentives of spreading POS points of CBE initiative	(37)	19 278 912	--	--	--
Gain on sale of fixed assets		3 144 919	563 142	1 237 286	182 880
Other revenues		2 187 542	1 374 556	1 128 078	577 363
<b>Operating profit</b>		<b>52 340 144</b>	<b>52 776 411</b>	<b>13 590 907</b>	<b>32 010 483</b>
Credit interest	(25)	58 443 292	26 749 735	31 306 575	13 429 920
Finance costs		(11 870 169)	(6 807 070)	(6 566 014)	(3 907 693)
Dividends from investments in subsidiaries		--	16 870 257	12 060 499	--
Gain from the sale of subsidiaries shares		6 680 000	--	--	--
Other expenses		(2 600 000)	--	(2 600 000)	--
Foreign currency exchange gain / (losses)		15 804	175 790	( 40 754)	( 54 250)
<b>Profit for the period before tax</b>		<b>115 069 570</b>	<b>89 765 123</b>	<b>47 751 213</b>	<b>41 478 460</b>
Current income tax		(19 302 901)	(16 551 476)	(5 685 712)	(9 826 492)
Deferred tax		(5 236 867)	--	(5 236 867)	--
<b>Net profit for the period after tax</b>		<b>90 529 802</b>	<b>73 213 647</b>	<b>36 828 634</b>	<b>31 651 968</b>
<b>Earnings per share (EGP/share)</b>	(32)	<b>0.10</b>	<b>0.08</b>	<b>0.04</b>	<b>0.03</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

*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 six months ended June 30, 2021**

	<u>Six months ended</u>		<u>Three months ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>		
Profit for the period	90 529 802	73 213 647	36 828 634	31 651 968
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income	90 529 802	73 213 647	36 828 634	31 651 968

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 interim statement of cash flows**  
**for the six months ended June 30, 2021**

*Translation of financial statement*  
*Originally Issued in Arabic*

	Note	June 30, 2021 EGP	Six months ended June 30, 2020 EGP
<b>Cash flows from operating activities:</b>			
Net profit for the period before tax		115 069 570	89 765 123
<b>Adjusted by:</b>			
Depreciation and amortization			
Provisions formed	(29)	50 383 498	42 757 436
Unrealized foreign currency exchange loss/(gain)	(17)	1 600 000	1 020 000
(Gain) on sale of fixed assets		( 15 804)	( 175 790)
Dividends from investments in subsidiaries		(3 144 919)	( 563 142)
ESOP expenses		(12 060 499)	(16 870 257)
Net gain from incentives of spreading POS points of CBE initiative		9 498 351	--
Credit interest		(19 278 912)	
Gain from the sale of subsidiaries shares	(23)	(58 443 292)	(26 749 735)
Finance costs		(6 680 000)	--
<b>Operating profit before changes in working capital</b>		<b>11 870 169</b>	<b>6 807 070</b>
<b>Changes in working capital</b>		<b>88 798 162</b>	<b>95 990 705</b>
(Increase) decrease in inventories			
(Increase) in advances to billers		( 203 894)	3 797
(Increase) decrease in debtors and other debit balances		(106 480 160)	(201 999 738)
(Increase) in accounts and notes receivable		18 149 656	(2 665 743)
(Increase) in due from related parties		(10 061 196)	(19 237 409)
(Decrease) in accounts and notes payable		(3 940 564)	(22 341 805)
Increase in billers payable		(14 331 352)	(1 150 863)
(Decrease) increase in due to related parties		370 697 144	340 169 633
(Decrease) increase in advances to merchants		19 245 386	(36 464 863)
Increase in retail deposits		(24 010 222)	30 687 188
Increase in creditors and other credit balances		13 265 469	3 502 891
Income tax paid		9 907 044	17 828 247
Proceed from credit interest		(24 910 180)	(13 850 452)
<b>Net cash provided from operating activities</b>		<b>58 443 292</b>	<b>26 749 735</b>
		<b>394 568 585</b>	<b>217 221 323</b>
<b>Cash flows from investing activities</b>			
(Payments) to acquire fixed assets		(58 122 834)	(22 301 049)
(Payments) for projects under construction		(16 370 908)	(2 566 214)
(Payments) to acquire intangible assets		(62 778 335)	(31 544 675)
Proceeds from the sale of fixed assets		7 070 194	1 175 059
Proceeds from incentives of spreading POS points of CBE initiative		68 206 579	
(Payments) to increase investments in subsidiaries		(34 052 999)	(35 000 000)
Proceeds from dividends from investments in subsidiaries		12 060 499	16 870 257
Net movement of treasury bills - more than three months		(414 269 926)	(196 874 756)
Proceeds from sale of subsidiaries shares		6 674 157	--
Decrease/(Increase) in loans to related parties		28 327 912	(10 000 000)
<b>Net cash (used in) investing activities</b>		<b>(463 255 661)</b>	<b>(280 241 378)</b>
<b>Cash flows from financing activities</b>			
Proceeds from capital increase		400 000 000	--
Proceeds from bank facilities		73 535 629	23 292 111
Dividends paid		(14 566 466)	(9 600 000)
(Payments) of finance expense		(11 870 169)	(6 807 070)
<b>Net cash provided from provided from financing activities</b>		<b>447 098 994</b>	<b>6 885 041</b>
Net change in cash and cash equivalents during the period		378 411 918	(56 135 014)
Cash and cash equivalents at beginning of the period		616 985 307	590 265 668
Changing currency difference for cash and cash equivalent		15 804	175 790
<b>Cash and cash equivalents at end of the period</b>	(15)	<b>995 413 029</b>	<b>534 306 444</b>

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 statement of changes in equity**  
**for the six months ended June 30, 2021**

Note No.	Issued and paid up capital	Legal reserve	Reserve for employee stock ownership plan (ESOP)	Retained Earnings	Retained amount from retained earnings for capital increase	Net profit for the period	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2020	353 652 060	32 465 079		120 391 285	--	106 684 666	613 193 090
<b>Items of comprehensive income</b>							
Net profit for the period	--	--	--	--	--	73 213 647	73 213 647
<b>Total comprehensive income (restated)</b>						<b>73 213 647</b>	<b>73 213 647</b>
<b>Transactions with Company's owners</b>							
Dividends distributions	--	--	--	(9 600 000)	--	--	(9 600 000)
Transferred to retained earnings and legal reserve	--	5 334 233	--	101 350 433	--	(106 684 666)	--
<b>Total transactions with the Company's owners</b>						<b>(106 684 666)</b>	<b>--</b>
Balance as of June 30, 2020	353 652 060	37 799 312	--	212 141 718	--	73 213 647	676 806 737
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	--	--	--	--	--	90 529 802	90 529 802
<b>Total comprehensive income for the period</b>						<b>90 529 802</b>	<b>90 529 802</b>
<b>Transactions with Company's owners</b>							
Dividends distributions	--	--	--	(14 566 466)	--	--	(14 566 466)
Cash Capital increase	400 000 000	--	--	--	--	--	400 000 000
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)	--
Reserve for employee stock ownership plan (ESOP)	--	--	13 362 204	--	--	--	13 362 204
<b>Total transactions with the Company's owners</b>	<b>500 000 000</b>	<b>9 329 730</b>	<b>13 362 204</b>	<b>162 698 398</b>	<b>(100 000 000)</b>	<b>(186 594 594)</b>	<b>398 795 738</b>
Balance as of June 30, 2021	853 652 060	47 129 042	13 362 204	274 840 114	--	90 529 802	1 279 513 222

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 six months ended June 30, 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 August 15, 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 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 six months ended June 30, 2021

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.

The decree No. 1871 of 2020 was issued by the Prime Minister 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 on the financial statements that are issued for periods begin on 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.

### **1.1.1. Initial application of new Egyptian Accounting Standards "EAS"**

#### **Summary of the most important amendments**

The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.

1. Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.
2. When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.
3. based on the requirements of this standard the following standards were amended :
  - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.
  - Egyptian Accounting Standard No. (4) "Statement of Cash Flows".
  - Egyptian Accounting Standard No. (25) "Financial Instruments: Presentation.
  - Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement".
  - Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "

On 9 May 2021 The Committee agreed to postpone the application of EAS (47) – Financial Instruments till the end of the financial year 31 December 2021.

**1.1.2. The new Egyptian Accounting Standard No. (48) "Revenue from contracts with customers"**

**Summary of the most important amendments**

The value of the revenue is measured at fair value to the amount received or due to the establishment after excluding any amounts collected for the account of other parties or entities such as VAT, withholding taxes, as well as any commercial discount or quantity discount permitted by the enterprise.

The application of the new accounting standard will have no effect on the amount or timing of the recognition of revenues recognized in accordance with the requirements of IAS 48, where the use of the amendment was approved retroactively while demonstrating the cumulative effect of the initial application of this standard, and the results of the previous year were not adjusted.

The basic principle of Egyptian Accounting Standard 48 is that the recognition of revenue from contracts with customers must reflect:

- The rate at which performance obligations are met, corresponding to the transfer of control of a commodity or service to the customer.
- The amount the seller expects to receive for its activities.
- The way in which control of a commodity or service is transferred is crucial, as this conversion determines the recognition of revenue.
- Control of a commodity or service may be transferred continuously (revenues on the basis of progress) or on a specific date (recognition upon completion)

**Potential impact on financial statements**

Management implemented the application during the first quarter of 2021 and there is no substantial impact on the Company's financial statements.

**1.1.3. The new Egyptian Accounting Standard No. (49) "Lease Contracts"**

**Summary of the most important amendments**

- 1- This new accounting standard shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015.
- 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the Company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.
- 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.
- 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.
- 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.

**The date of implementation**

EAS 49 will be applied to financial periods starting on or after January 1, 2021 and allows with early adoption if Egyptian Accounting Standard (48) "Revenue from contracts with customers" is applied at the same time.

With the exception of the date of the above, Standard 49 applies to leases that were subject to the Financial Leasing Act No. 95 of 1995 - and its amendments were processed in accordance with Egyptian Accounting Standard No. (20) "Accounting rules and standards relating to financing leases", as well as contracts Financing leasing, which arises under the Regulation of Financing Leasing and Privatization Act No. 176 of 2018, from the beginning of the annual reporting period in which Law No. 95 of 95 was repealed and Law No. 176 of 2018 was repealed. In accordance with the decision of the Minister of Investment and Cooperation No. (69) for 2019 on amending the provisions of Egyptian accounting standards, leasing companies and tenants under the financing leases of non-banking financial companies and companies with papers on the Egyptian Stock Exchange must apply the standard of financing leases on a date Its purpose is 30 September 2019, taking into account the obligation to disclose the accounting impact of applying the standard to financial statements issued from 1 January 2019 until the end of each financial period for which financial lists are prepared.

**1.1.4. Share-based payments**

The company introduced Employees Share Ownership Plan (ESOP) program in accordance with the shareholders' approval at the extraordinary general assembly meeting on February 22, 2021. The Company assessed the program as an equity-settled, share-based compensation plan. The fair value of equity instruments recognized for provided services from employees in exchange of granting free shares or allocated shares is recognized in the employees' related costs in the income statement, the total amount to be recognized as expenses over the vesting period will be determined by reference to the fair value of the granted equity instruments, taking into consideration the modification of that fair value with the terms and conditions on which the instruments will be issued, and the effect of the revisions to the initial estimates, if any, is recognized in the income statement with a corresponding settlement of equity over the remaining vesting period. Net proceeds to be received from employees after deducting any direct transaction costs are added to the capital (at nominal value) and the share premium account when the granted shares to the employees are exercised.

4- Fixed assets (net)

Cost	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
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		--	--	1,324,149	46,237,340	4,006,429	282,473	--	--	--		6,272,443	58,122,834
Disposals during the period*		--	--	--	(59,183,007)	--	--	--	--	--		--	(59,183,007)
As of June 30, 2021		25,970,500	41,129,500	60,194,529	261,987,882	57,003,511	9,415,485	12,195,298	149,300	641,766		11,033,794	479,721,565
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	(31)	--	514,119	9,189,281	27,875,595	1,854,445	623,307	1,052,506	--	--		619,715	41,728,968
Depreciation of disposals		--	--	--	(10,509,860)	--	--	--	--	--		--	(10,509,860)
As of June 30, 2021		--	4,712,757	52,809,345	154,912,519	28,761,337	7,031,691	9,596,735	149,298	641,739		1,389,213	260,004,634
Net book value													
As of June 30, 2021		25,970,500	36,416,743	7,385,184	107,075,362	28,242,174	2,383,794	2,598,564	2	27		9,644,581	219,716,930
As of December 31, 2020		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 23,847,047 EGP.

\*Disposals include points of sale deployed under the central bank's initiative. Note (37).

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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

## 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>
<b>As of January 1, 2020</b>	<b>34 893 247</b>	<b>160 018 327</b>	<b>194 911 574</b>
Additions during the year	2 313 754	64 024 452	66 338 206
<b>As of December 31, 2020</b>	<b>37 206 999</b>	<b>224 042 781</b>	<b>261 249 780</b>
<b>As of January 1, 2021</b>	<b>37 206 999</b>	<b>224 042 781</b>	<b>261 249 780</b>
Additions during the period	10 201 742	52 576 593	62 778 335
<b>As of June 30, 2021</b>	<b>47 408 741</b>	<b>276 619 374</b>	<b>324 028 115</b>
<b><u>Accumulated amortization</u></b>			
<b>As of January 1, 2020</b>	<b>10 601 905</b>	<b>45 290 845</b>	<b>55 892 750</b>
Amortization for the year	3 204 434	18 598 530	21 802 964
<b>As of January 1, 2021</b>	<b>13 806 339</b>	<b>63 889 375</b>	<b>77 695 714</b>
Amortization for the period	1 268 641	11 565 684	12 834 325
<b>As of June 30, 2021</b>	<b>15 074 980</b>	<b>75 455 059</b>	<b>90 530 039</b>
<b><u>Net book value</u></b>			
<b>As of June 30, 2021</b>	<b>32 333 761</b>	<b>201 164 315</b>	<b>233 498 076</b>
<b>As of December 31, 2020</b>	<b>23 400 660</b>	<b>160 153 406</b>	<b>183 554 066</b>

## 6. Projects Under Construction

The increase in Projects under construction mainly due to additions of programs and licenses by amount of EGP 16.3 million.

## 7. Investments in subsidiaries

The increasing in account is due to the decision dated February 18, 2021, accordingly, the Company underwrites to 100% of the total shares of the increase in capital of Fawry Plus for Banking Services - S.A.E with 34 078 000 shares, the nominal value of the share is 1 EGP, amounting to EGP 34 078 000 with ownership 60.46%, The Company's share in the capital increase was paid of 34 078 000 EGP.

## 8. Investments in associates

<u>Description</u>	<u>Total</u> <u>shares</u>	<u>% of</u> <u>ownership</u>	<u>June 30, 2021</u> <u>EGP</u>	<u>December 31, 2020</u> <u>EGP</u>
Fawry plus for banking services			--	22 800 000
Bosta	14 390 955	%16.92	12 423 230	12 423 230
Tazcara	10 000	%20	200 000	200 000
			<b>12 623 230</b>	<b>35 423 230</b>

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

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**9. Investments at fair value through OCI statement**

<u>Company Name</u>	<u>No. of shares</u>	<u>% of shares</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
			<u>EGP</u>	<u>EGP</u>
El Menu	105 263	%1	15 716 676	--
Brimore*		%1	15 700 000	--
			<u>31 416 676</u>	<u>--</u>

As part of the company's plans to expand in the fintech segment, the company acquired non-controlling stakes in two companies operating in the field of financial technology and are recognized in investments at fair value through comprehensive income.

\* The necessary procedures are being completed to acquire 1% of Brimore's shares and the full amount has been paid.

**10. Accounts and Notes receivable**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Debtor-Billed	41 760 011	31 698 815
Notes receivable	1 125 212	1 125 212
	<u>42 885 223</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 10 061 196.

**11. Debtors and other debit balances**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Advance payments to suppliers	5 816 446	2 616 920
Accrued revenue	4 608 277	15 399 190
Prepaid expenses	12 740 717	9 480 267
Deposits with others	965 552	566 200
Withholding tax	4 308 251	16 543 269
Other debit balances	15 792 550	17 775 603
	<u>44 231 793</u>	<u>62 381 449</u>



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

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For the six months ended June 30, 2021

**12. Due from related parties**

<u>Description</u>	<u>Type</u>	<u>Account type</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
			<u>EGP</u>	<u>EGP</u>
Fawry FMCG	(subsidiary)	Current account	11 181 371	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	2 384 877	874 264
Tazcra	(associate)	Current account	1 356 944	1 211 102
Fawry Plus for banking services	(Subsidiary)	Current account	1 222 684	6 279 302
			<b>16 366 087</b>	<b>12 425 523</b>

**13. Loans to related parties**

<u>Description</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Fawry plus for banking services (subsidiary)-short term	9 275 000	37 602 912
Fawry for microfinance – long term	139 588 992	--

-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 139 588 992 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 7 746 022.

**14. Treasury Bills**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	1 047 500 000	592 500 000
<b><u>Deduct:</u></b>		
Unrealized interest	(81 480 829)	(40 750 755)
	<b>966 019 171</b>	<b>551 749 245</b>

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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

**15. Cash and bank balances**

<u>Description</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Cash	87 863 511	--
Current accounts at banks – local currency	214 999 495	119 190 823
E-Acceptance (transactions under settlement)	44 409 981	18 674 265
Cash collection agencies	433 837 276	376 239 906
Current accounts at banks – foreign currency	3 666 270	4 848 411
Time deposits – local currency	195 522 750	90 074 795
Time deposits – foreign currency	15 113 746	7 957 107
<b>Cash and cash at banks</b>	<b>995 413 029</b>	<b>616 985 307</b>

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

	<u>June 30, 2021</u>	<u>December 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	--	--
	<b>548 223 708</b>	<b>616 985 307</b>

**16. Capital**

The issued and paid-up capital amounted to 353 652 060 distributed over 707 304 120 shares with a nominal value of EGP 0.5, and on December 31, 2020, the General Assembly of the Company decided to increase the capital by 100 million Egyptian pounds by distributing free shares financed from the retained earnings of the Company and registered that increase in the commercial register on February 3, 2021, as well as on December 31, 2020, the General Assembly of the Company decided to increase the capital by 400 million Egyptian pounds by cash increase in nominal value through underwriting to the old shareholders and was registered by this increase in the commercial register on 20 June 2021 to become the issued and paid-up capital of EGP 853 652 060 distributed on 1 707 304 120 shares with a name value of EGP 0.50.

**17. Legal Reserve**

	<u>June 30, 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>47 129 042</b>	<b>37 799 312</b>

**18. Banks overdrafts**

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 150 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 147.2 million Egyptian pounds on June 30, 2021 (December 31, 2020 : 79.9million Egyptian pounds).

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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

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 98.2 million Egyptian pounds on June 30, 2021 (December 31, 2020: 94 million Egyptian pounds).

On August 7, 2019, 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 June 30, 2021 : Nil (December 31, 2020: 49 million Egyptian pounds)

**19. 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>June 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	20 502 142	1 600 000	22 102 142
	<b>20 502 142</b>	<b>1 600 000</b>	<b>22 102 142</b>

**20. Accounts and Notes Payable**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accounts payable	12 076 262	27 046 581
Notes payable	2 367 748	1 728 781
	<b>14 444 010</b>	<b>28 775 362</b>

**21. Accounts Payable – Billers**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Billers payable	885 163 722	630 187 367
Billers' notes payable	255 786 840	140 066 051
	<b>1 140 950 562</b>	<b>770 253 418</b>

**22. Creditors and other credit balances**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	37 803 064	24 059 177
Accrued commissions	40 825 899	33 806 311
Tax Authority	23 292 021	33 103 000
Unearned revenue	6 710	2 776 749
Health insurance contributions	1 520 125	2 528 917
Under settlement transactions	6 732 235	7 955 177
Other credit balances	8 280 144	4 323 823
	<b>118 460 198</b>	<b>108 553 154</b>

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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

**23. Due to related parties**

	<u>Nature of relationship</u>	<u>Account type</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
			<u>EGP</u>	<u>EGP</u>
Fawry for Integrated Systems	Subsidiary	Current account	63 403 631	57 381 002
Fawry Dahab for Electronic Services	Subsidiary	Current account	27 292 507	36 854 695
Fawry for Micro Finances	Subsidiary	Current account	18 921 092	--
			<u>109 617 230</u>	<u>94 235 697</u>

**24. 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>June 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	836 699 625	826 744 625
	<u>836 699 625</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 1.128 million as of June 30, 2021 utilized amount from the banks facilities amounted to EGP 836.7 million in the form of issued letters of guarantee.

**25. Credit Interest**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Current accounts and Time deposits credit interest	3 990 188	3 582 377
Treasury bills credit interest	45 204 394	21 113 611
Loans to related parties credit interest	9 248 710	2 053 747
	<u>58 443 292</u>	<u>26 749 735</u>

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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

**26. 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	(163 398 932)
Electronic Services	Electronic Payment services cost	89 869 347
	Electronic payment service revenue from related party	28 186 295
Fawry Integrated Services	Intangible assets acquisition	(38 971 412)
	POS machine sales from related party	(40 919 982)
Fawry Plus for Banking Services	Cost of cash collection on behalf of related party	(37 293 598)
	E-Acceptance transactions by related parties	13 849 070
	Loans to related parties	9 275 000
	Credit interest from the related party	(1 502 687)
Fawry for Micro Finance	Loans to related parties	139 588 992
	Credit interest from related party	(7 746 022)
Fawry for FMCG	Electronic payment service revenue from related party	7 987 344

**27. Operating revenues**

	<u>June 30, 2021</u> <u>EGP</u>	<u>June 30, 2020</u> <u>EGP</u>
Transactions services revenues – collection fees	490 375 671	391 195 713
Subscription revenues	31 383 295	23 428 154
	<b>521 758 966</b>	<b>414 623 867</b>

**28. Operating costs**

The main reason behind the increase in operating costs is the increase of merchants' fees by the amount of EGP 23.3 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 5.2 million.

**29. 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 28.1 million including amount by EGP 9.5 million related to (ESOP) expense for shares granted to employees during the period, the increase in depreciation and amortization by an amount of EGP 4.7 million. In addition to the increase in outsourcing, technical support and services with an amount of EGP 6.1 million.

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

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For the six months ended June 30, 2021

**30. Selling and Marketing expenses**

The main reason for the increase in selling and distribution expenses is the increase of the salaries by an 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.

**31. Depreciation and amortization**

Depreciation and amortization of EGP 50 383 498 reported in the statement of profit or loss represents depreciation for fixed assets for EGP 37 549 173 (Note No. 4) and amortization of intangible assets for EGP 12 834 325 (Note No. 5), has been allocated as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Operating costs	18 238 557	15 382 557
General and administrative expenses	32 144 672	27 374 879
	<u>50 383 498</u>	<u>42 757 436</u>

**32. 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>June 30, 2021</u>	<u>June 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Net profit of the period	90 529 802	73 213 647
Average number of shares during the period *	951 748 564	907 304 120
<b>Earnings per share for the period</b>	<b>0.10</b>	<b>0.8</b>

**33. 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.



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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

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### **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.

### **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.

## **34. 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.

## **35. 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, 2021, the Company's Board of Directors decided to approve the underwrite of the entire capital increase in wary Plus for banking services – S.A.E- up to a maximum of EGP 35 million and authorized the CEO and Managing Director of the Company to take all necessary

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

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

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measures for this and the company's share in Fawry Plus for Banking Services – S.A.E will become 60%.

- On February 23, 2021, the Company's General Assembly approved the application of the system of incentive and motivation for employees, directors and executive board members of the company by allocating 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.
- On April 29, 2021, the AGM decided to distribute 15.7 million Egyptian pounds to 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.
- During the first quarter of 2020, the world was exposed to the spread of the Corona virus emerging (COVID-19), as this virus was characterized by its rapid spread in the countries of the world, until the World Health Organization declared a health emergency, on January 30, 2020, and the declaration of the virus as a global epidemic on March 11, 2020. The spread of this virus had a negative impact on the economies of many countries, which was reflected in the reality of the performance of financial markets and the volume of global trade.
- On March 19, 2020, international air traffic was suspended, and on March 25, 2020. The Egyptian government imposed a curfew for a period of two weeks and renewed it for another two weeks, which negatively affected the Egyptian economy in general.
- April 8, 2020 - The Egyptian government officially announced that it would prohibit the movement or movement of citizens, in all parts of the republic, on all roads from eight o'clock in the evening until six o'clock in the morning; An exception is made from the application of the provision of the first article of this decision, which is related to curfews, the service of operators of the international information network and communication networks, electronic applications and ATM cards, and all services for food, beverages and merchandise delivery to customers, whether the request is through electronic or other applications, and workers in any of These activities are excluded, while adhering to all applicable health precautions.
- On June 23, 2020 the Egyptian government officially announced the abolition of the curfew with the imposition of precautionary measures and the reopening of restaurants and cafes as of Saturday, 27 June 2020 with a capacity of 25%, the closure of shops and malls from nine in the evening instead of the sixth and the closure of restaurants and cafes at ten in the evening and the continued closure of gardens, parks and beaches And the continuation of the mass transportation work until midnight and the reopening of theaters and cinemas with a capacity of 25%.

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

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For the six months ended June 30, 2021

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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.

In this regard, the Group's management conducted a study to assess the potential risks related to the group's ability to provide its services through its multiple products and its impact on the activities of the group as a whole, human resources, in order to ensure that the group's activities continue without interruption or interruption and the study includes the following elements:

- Risk of impairment in investments
- Collection risks related to other debit balances and related parties on their due dates.
- Liquidity risks related to payment of liabilities to creditors, Billers and merchants.

The management of the company concluded that it is unexpected to have a substantial negative impact on its business and activities. The department is following the situation closely and assessing its impact on the company's activities on an ongoing basis in anticipation of any developments that may have negative effects on that pandemic, enabling the company to modify the plans necessary to counter the potential negative effects, if any.

### **36. Subsequent events:**

On August 1, 2021, The General Assembly of Fawry for Banking Technology and Electronic Payments S.A.E. agreed to purchase the 14 million shares owned by Banque Misr in Fawry plus for Banking Services Co., which represent 14.98 % of its capital at EGP 1.15 per share.

On August 15, 2021 Fawry Microfinance company's board of directors approved the establishment of an investment monetary fund for liquidity in Egyptian Pounds in cooperation with Misr Capital Company.

### **37. 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.

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Notes to the condensed separate interim financial statements

For the six months ended June 30, 2021

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 EGP 68 206 579, while the cost of purchasing the POS equipment amounted to EGP 48 927 667 which were derecognized from fixed assets (note 4).

**38. Share-based payments.**

The Company introduced an Employees Share Ownership Plan (ESOP) program in accordance with the shareholders' approval at the extraordinary general assembly meeting held on February 22, 2021, The company granted free shares and allocated shares to some of its employees in accordance with the ESOP program which includes giving the right to some employees a completing a term of 3 years in service at The Company to have the right in ordinary shares by granting free shares or allocating shares by 50% of the fair value on the vesting date after completion of a term of 2 years in service at The Company and which will be issued on the date of the grants. The equity instruments for share-based payment are recognized at fair value on the grant date and are recorded in the income statement on a straight line basis during a three-years period for the grant of free shares and two years for the allocated shares at 50% of the shares' fair values on the vesting date, with a corresponding increase in equity based on the Company's estimate, at each reporting date, for the number of shares that will vest. The fair value of granted shares was determined based on the share price announced on the Egyptian Stock Exchange at the grant date.

**Equity instruments during the year represents the following:**

	<b><u>June 30, 2021</u></b>
	<b><u>No. of shares</u></b>
Outstanding at the beginning of the period	--
Granted during the period*	16 255 546
Forfeited during the period	--
Exercised during the period	--
	<b><u>16 255 546</u></b>

\* The number of shares granted during the period is 16 255 546 shares, which are 8 127 773 free shares and 8 127 773 allocated shares at 50% of the fair value at the vesting date.