

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

**Condensed Separate Interim Financial Statements  
For the nine months ended September 30, 2019  
Together with 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, 2019 and the related condensed separate interim statements of income, 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 separate 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, 2019, 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 19, 2019

Kamel Magdy Saleh, FCA  
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, 2019**

|                                       | <u>Note No.</u> | <u>September 30, 2019</u> | <u>December 31, 2018</u> |
|---------------------------------------|-----------------|---------------------------|--------------------------|
|                                       |                 | <u>EGP</u>                | <u>EGP</u>               |
| <b>Assets</b>                         |                 |                           |                          |
| <b><u>Non-current assets</u></b>      |                 |                           |                          |
| Fixed assets (net)                    | (4)             | 190 536 860               | 114 390 958              |
| Intangible assets (net)               | (5)             | 133 553 866               | 96 473 992               |
| Projects under construction           | (6)             | 18 440 135                | 16 382 823               |
| Investments in subsidiaries           | (7)             | 56 447 766                | 51 347 775               |
| Investments in associates             | (8)             | 28 122 260                | 23 000 000               |
| Investments in joint ventures         |                 | 2 250 000                 | 2 250 000                |
| Prepaid rent - finance lease          | (4)             | --                        | 21 014 396               |
| <b>Total non-current assets</b>       |                 | <b>429 350 887</b>        | <b>324 859 944</b>       |
| <b><u>Current assets</u></b>          |                 |                           |                          |
| Inventory                             |                 | 119 968                   | 170 841                  |
| Accounts and notes receivable         | (9)             | 35 070 752                | 18 593 869               |
| Debtors and other debit balances      | (10)            | 36 092 160                | 33 015 281               |
| Advances to billers                   |                 | 132 511 862               | 125 353 535              |
| Due from related parties              | (11,23)         | 75 125 118                | 15 169 225               |
| Loans to related parties              | (12)            | 23 816 579                | 14 615 412               |
| Treasury bills                        | (13)            | 163 589 771               | 259 905 989              |
| Cash and cash at banks                | (14)            | 600 641 470               | 422 120 947              |
| <b>Total current assets</b>           |                 | <b>1066 967 680</b>       | <b>888 945 099</b>       |
| <b>Total assets</b>                   |                 | <b>1 496 318 567</b>      | <b>1 213 805 043</b>     |
| <b><u>Equity and liabilities</u></b>  |                 |                           |                          |
| <b><u>Equity</u></b>                  |                 |                           |                          |
| Issued and paid-up capital            | (15)            | 353 652 060               | 353 652 060              |
| Legal reserve                         |                 | 32 465 079                | 28 905 446               |
| Retained earnings                     |                 | 120 391 285               | 54 155 406               |
| Net profit for the period/year        |                 | 67 148 837                | 71 192 665               |
| <b>Total equity</b>                   |                 | <b>573 657 261</b>        | <b>507 905 577</b>       |
| <b><u>Non-Current liabilities</u></b> |                 |                           |                          |
| Deferred tax liabilities              | (33)            | 5 780 916                 | 1 695 724                |
| <b>Total non current liabilities</b>  |                 | <b>5 780 916</b>          | <b>1 695 724</b>         |
| <b><u>Current liabilities</u></b>     |                 |                           |                          |
| Provisions                            | (16)            | 18 012 142                | 21 825 576               |
| Accounts and notes payable            | (17)            | 8 643 521                 | 19 641 990               |
| Accounts payable - Billers            | (18)            | 493 619 109               | 367 007 943              |
| Merchant advances                     |                 | 200 613 638               | 130 498 338              |
| Retailers' POS security deposits      |                 | 21 467 500                | 18 569 000               |
| Creditors and other credit balances   | (19)            | 85 535 079                | 54 656 974               |
| Due to a related parties              | (20,23)         | 70 172 325                | 70 394 494               |
| Current income tax                    |                 | 18 817 076                | 21 609 427               |
| <b>Total current liabilities</b>      |                 | <b>916 880 390</b>        | <b>704 203 742</b>       |
| <b>Total equity and liabilities</b>   |                 | <b>1 496 318 567</b>      | <b>1 213 805 043</b>     |

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

Chief Financial Officer  
AbdelMaguid Afifi

Chief Executive Officer  
Ashraf Sabry

Chairman  
Saifullah Coutry

Auditor's review report attached.



**Fawry for Banking and Payment Technology Services S.A.E.****Condensed separate interim income statement****for the nine months ended September 30, 2019**

| Note No.  | Nine months ended  |                    | Three months ended |                   |
|---|--------------------|--------------------|--------------------|-------------------|
|   | September 30,2019  | September 30,2018  | September 30,2019  | September 30,2018 |
|   | EGP                | EGP                | EGP                | EGP               |
| Operating revenues                              | (24) 490 799 689   | 387 180 628        | 181 190 600        | 141 107 184       |
| Operating costs                                 | (25) (239 274 296) | (202 433 049)      | (82 904 183)       | (70 866 386)      |
| <b>Gross margin</b>                             | <b>251 525 393</b> | <b>184 747 579</b> | <b>98 286 417</b>  | <b>70 240 798</b> |
| <b>Add (Less):</b>                              |                    |                    |                    |                   |
| General and administrative expenses             | (26) (107 718 456) | (101 747 122)      | (36 433 138)       | (37 156 027)      |
| BOD compensation expenses                       | ( 873 000)         | ( 873 000)         | ( 291 000)         | ( 291 000)        |
| Selling and marketing expenses                  | (27) (91 329 638)  | (61 358 737)       | (35 272 901)       | (22 453 217)      |
| Health insurance contribution                   | (1 360 233)        | --                 | ( 486 233)         | --                |
| Provisions formed                               | (16) (1 350 000)   | (1 350 000)        | ( 450 000)         | ( 450 000)        |
| Gain on disposal of fixed assets                | (4) 4 569 294      | 4 429 484          | 1 457 165          | 1 255 464         |
| Other revenues                                  | 2 064 659          | 1 158 503          | 700 283            | 557 748           |
| <b>Operating profit</b>                         | <b>55 528 019</b>  | <b>25 006 707</b>  | <b>27 510 593</b>  | <b>11 703 766</b> |
| Credit interest                                 | (22) 39 915 651    | 47 498 890         | 10 996 328         | 18 601 446        |
| Finance costs                                   | (10 231 978)       | (5 930 131)        | (3 657 914)        | (2 214 516)       |
| Dividends from investments in subsidiaries      | 6 743 761          | 3 555 238          | --                 | --                |
| Other expenses                                  | (29) (3 626 981)   | --                 | --                 | --                |
| Capital gains from sale of shares in subsidiary | --                 | 5 902 783          | --                 | --                |
| Foreign currency exchange losses                | (2 362 559)        | ( 254 147)         | 1 314 732          | ( 6 785)          |
| <b>Profit for the period before tax</b>         | <b>85 965 913</b>  | <b>75 779 340</b>  | <b>36 163 739</b>  | <b>28 083 911</b> |
| Current income tax                              | (18 817 076)       | (17 050 352)       | (8 720 160)        | (6 223 490)       |
| <b>Net profit for the period after tax</b>      | <b>67 148 837</b>  | <b>58 728 988</b>  | <b>27 443 579</b>  | <b>21 860 421</b> |
| <b>Earnings per share</b>                       | (30) <b>0.09</b>   | <b>0.17</b>        | <b>0.04</b>        | <b>0.06</b>       |

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

Chief Financial Officer  
AbdelMaguid Afifi



Chief Executive Officer  
Ashraf Sabry



Chairman  
Saifullah Coutry



**Fawry for Banking and Payment Technology Services S.A.E.**  
**Condensed separate interim statement of comprehensive income**  
**for the nine months ended September 30, 2019**

|  | <u>Nine months ended</u> |                          | <u>Three months ended</u> |                          |
|--|--------------------------|--------------------------|---------------------------|--------------------------|
|  | <u>September 30,2019</u> | <u>September 30,2018</u> | <u>September 30,2019</u>  | <u>September 30,2018</u> |
|  | <u>EGP</u>               | <u>EGP</u>               | <u>EGP</u>                | <u>EGP</u>               |
| <b>Profit for the period</b>                     | 67 148 837               | 58 728 988               | 27 443 579                | 21 860 421               |
| Other comprehensive income                       | --                       | --                       | --                        | --                       |
| <b>Total other comprehensive income</b>          | --                       | --                       | --                        | --                       |
| <b>Total comprehensive income for the period</b> | <u>67 148 837</u>        | <u>58 728 988</u>        | <u>27 443 579</u>         | <u>21 860 421</u>        |

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Ashraf Sabry



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**Fawry for Banking and Payment Technology Services S.A.E.****Condensed separate interim statement of cash flows****for the nine months ended September 30, 2019**

|   | Note | Financial Period                                     | Financial Period                                     |
|---|------|--|--|
|   |      | From January 1, 2019<br>to September 30, 2019<br>EGP | From January 1, 2018<br>to September 30, 2018<br>EGP |
| <b>Cash flows from operating activities:</b>                    |      |  |  |
| Net profit for the period before tax                            |      | 85 965 913   | 75 779 340   |
| <b>Adjusted by:</b>   |      |  |  |
| Depreciation and amortization                                   | (28) | 49 058 271   | 37 578 316   |
| Provisions formed   | (16) | 1 350 000  | 1 350 000  |
| Unrealized foreign currency exchange loss/(gain)                |      | 2 362 559  | 254 147  |
| (Gain) on sale of fixed assets                                  |      | (4 569 294)  | (4 429 484)  |
| Credit interest   |      | (39 915 651)   | (47 498 890)   |
| Finance costs   |      | 10 231 978   | 5 930 131  |
| Capital gains from sale of shares in subsidiary                 |      | --   | (5 902 783)  |
| <b>Operating profit before changes in working capital</b>       |      | <b>104 483 776</b>                                   | <b>63 060 777</b>                                    |
| <b>Changes in working capital</b>                               |      |  |  |
| Decrease in inventory   |      | 50 873   | 248 289  |
| (Increase) in advances to billers                               |      | (7 158 327)  | (8 864 208)  |
| Decrease/(Increase) in debtors and other debit balances         |      | 16 390 147   | (19 635 294)   |
| (Increase) in accounts and notes receivable                     |      | (16 476 883)   | (24 002 445)   |
| (Increase)/Decrease in due from related parties                 |      | (65 078 153)   | 10 663 373   |
| (Decrease)/Increase in accounts and notes payable               |      | (10 998 469)   | 14 611 713   |
| Increase in billers payable                                     |      | 126 611 166  | 134 344 383  |
| (Decrease) in due to related parties                            |      | (61 840 511)   | (18 935 200)   |
| Increase in advances to merchants                               |      | 70 115 300   | 14 586 628   |
| Increase in retail deposits                                     |      | 2 898 500  | 4 726 628  |
| Increase in creditors and other credit balances                 |      | 30 878 105   | 39 112 705   |
| Paid income tax   |      | (21 609 427)   | (16 043 252)   |
| Credit interest received  |      | 39 915 651   | 47 498 890   |
| Provisions used   | (16) | (5 163 434)  | --   |
| <b>Net cash provided from operating activities</b>              |      | <b>203 018 314</b>                                   | <b>241 372 987</b>                                   |
| <b>Cash flows from investing activities</b>                     |      |  |  |
| (Payments) to acquire fixed assets                              |      | (63 673 129)   | (98 582 568)   |
| (Payments) for projects under construction                      |      | (2 057 312)  | (9 648 889)  |
| (Payments) to acquire intangible assets                         |      | (17 477 181)   | (5 873 186)  |
| Proceeds from the sale of fixed assets                          |      | 5 150 296  | 9 929 789  |
| Net movement of treasury bills - more than three months         |      | 69 236 965   | (116 516 832)  |
| Proceeds from the sale of investment in subsidiaries            |      | --   | 6 025 157  |
| Payments to acquire investment in subsidiaries                  |      | (5 099 991)  | --   |
| Payments to acquire investment in associates and joint ventures |      | --   | (17 300 000)   |
| (Increase) in loans to related parties                          |      | (9 201 167)  | --   |
| <b>Net cash (used in) investing activities</b>                  |      | <b>(23 121 519)</b>                                  | <b>(231 966 528)</b>                                 |
| <b>Cash flows from financing activities</b>                     |      |  |  |
| Dividends paid  |      | (15 860 998)   | (8 600 000)  |
| Payments of finance expense                                     |      | (10 231 978)   | (5 930 131)  |
| <b>Net cash used in financing activities</b>                    |      | <b>(26 092 976)</b>                                  | <b>(14 530 131)</b>                                  |
| Net change in cash and cash equivalents during the period       |      | 153 803 819  | (5 123 672)  |
| Cash and cash equivalents at beginning of the period            |      | 556 494 210  | 618 088 730  |
| Changing currency difference for cash and cash equivalent       |      | (2 362 559)  | (254 147)  |
| <b>Cash and cash equivalents at end of the period</b>           | (14) | <b>707 935 470</b>                                   | <b>612 710 911</b>                                   |

**Non-cash transactions**

Non-cash transactions which include investments in associates and joint ventures which have been acquired from the parent company and included as an investing activity have been settled from the balance due from related parties in the amount of EGP 5.12 million. Additionally, non cash transaction in the amount of EGP 21 014 396 have been eliminated to reflect the settlement of the finance lease of the smart village building which has been bought and classified in fixed assets and non-cash transactions representing purchases of intangible assets and POS machines from related parties have been eliminated

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**Fawry for Banking and Payment Technology Services S.A.E.**  
**Condensed separate statement of changes in equity**  
**for the nine months ended September 30, 2019**

| Note No. | Issued and paid up capital |  | Payments under capital increase |  | Share Premium |  | Legal reserve     |  | Retained Earnings  |  | Net profit for the period |  | Total               |  |
|----------|----------------------------|--|---------------------------------|--|---------------|--|-------------------|--|--------------------|--|---------------------------|--|---------------------|--|
|          | EGP                        |  | EGP                             |  | EGP           |  | EGP               |  | EGP                |  | EGP                       |  | EGP                 |  |
|          | 111 303 060                |  | 242 349 000                     |  | 21 040 550    |  | 5 237 101         |  | 12 827 302         |  | 58 728 988                |  | 445 312 911         |  |
|          | 111 303 060                |  | 242 349 000                     |  | 21 040 550    |  | 5 237 101         |  | 12 827 302         |  | 111 284 886               |  | 504 041 899         |  |
|          |                            |  |                                 |  | (21 040 550)  |  | 21 040 550        |  | 52 555 898         |  | (52 555 898)              |  | --                  |  |
|          |                            |  | (242 349 000)                   |  | --            |  | --                |  | --                 |  | --                        |  | --                  |  |
|          |                            |  | (242 349 000)                   |  | (21 040 550)  |  | 21 040 550        |  | 43 955 898         |  | (52 555 898)              |  | (8 600 000)         |  |
|          | <b>353 652 060</b>         |  | --                              |  | --            |  | <b>26 277 651</b> |  | <b>56 783 200</b>  |  | <b>58 728 988</b>         |  | <b>495 441 899</b>  |  |
|          | <b>353 652 060</b>         |  | --                              |  | --            |  | <b>28 905 446</b> |  | <b>54 155 406</b>  |  | <b>71 192 665</b>         |  | <b>507 905 577</b>  |  |
|          |                            |  | --                              |  | --            |  | --                |  | 14 463 845         |  | --                        |  | 14 463 845          |  |
|          |                            |  | --                              |  | --            |  | --                |  | --                 |  | 67 148 837                |  | 67 148 837          |  |
|          |                            |  | --                              |  | --            |  | --                |  | --                 |  | <b>67 148 837</b>         |  | <b>67 148 837</b>   |  |
|          |                            |  | --                              |  | --            |  | --                |  | (15 860 998)       |  | --                        |  | (15 860 998)        |  |
|          |                            |  | --                              |  | --            |  | 3 559 633         |  | 67 633 032         |  | (71 192 665)              |  | --                  |  |
|          |                            |  | --                              |  | --            |  | <b>3 559 633</b>  |  | <b>51 772 034</b>  |  | <b>(71 192 665)</b>       |  | <b>(15 860 998)</b> |  |
|          | <b>353 652 060</b>         |  | --                              |  | --            |  | <b>32 465 079</b> |  | <b>120 391 285</b> |  | <b>67 148 837</b>         |  | <b>573 657 261</b>  |  |

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

Chief Financial Officer  
AbdelMaguid Afifi



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**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, 2019

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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 were authorized for issuance at the Board of Directors meeting held on November 19, 2019

**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 with the exception of the accounting policy related to lease contracts which follows below. The condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended December 31, 2018.

**Initial application of new Egyptian Accounting Standards "EAS"**

On March 18, 2019, the Minister of Investment and International Cooperation issued Resolution No. 69 of 2019 amending some provisions of the Egyptian Accounting Standards and issuing some new accounting standards issued thereby by virtue of Decree No. 110 of 2015. The resolution was published in the official gazette on 25 April 2019. The most significant amendments affecting the Company's separate financial statements are as follows:



**Lease Contracts:**

In March 2019, the Egyptian Standard No. (49) "Leasing Contracts" was issued to replace the Egyptian Standard No. (20) "Accounting Rules and Standards related to Finance Leasing Operations" as well as the issuance of Law No. 176 of 2018 to regulate the financial leasing and factoring activity during August 2018 to replace Law No. 95 of 1992, therefore, the company should apply the new Egyptian Standard No. (49) at the beginning of 2019, on contracts subject to the provisions of Law 95, which were previously processed in accordance with the Egyptian Accounting Standard No. (20) and according to the instructions issued by the Financial Regulatory Authority on August 4, 2019 which requires financial leasing companies and companies with securities listed on the Egyptian Stock Exchange to apply the standard of financial leases by 30 September 2019. So the first application date is January 1, 2019.

**1- The Company as lessee – Lease contracts subject to Law no. 95 for the year 1995**

The company assesses whether a contract is or contains a lease at inception of the contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**Initial measurement of lease liability:**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate for such liabilities.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate

## **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, 2019

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### Subsequent measurement of lease liability:

The lease liability is subsequently measured as follows:

- Increase the carrying amount to reflect interest on the lease liability
- Reducing the carrying amount to reflect the lease payments made.

The company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the leases payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease

If there is a change in future lease payments resulting from a change in the rate used to determine those payments or a change in the amounts expected to be payable under the residual value guarantee, the lessee must re-measure the lease liability to discount the adjusted lease payments using the same discount rate unless there is a change in lease payments resulting from a change in the variable interest rates, in this case the lessee must use a modified discount rate that reflects changes in the interest rate.

### Initial measurement of Right of use assets

The cost of right-of-use assets include:

- The initial measurement of the corresponding lease liability at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate stated in the contract if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional borrowings.
- Lease payments made at or before the start day
- Any initial direct costs
- Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Subsequent measurement of Right of use assets

Right of use assets are subsequently measured at cost less:

- Accumulated depreciation and impairment losses.
- Any amounts resulting from revaluation of lease liability

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated from the commencement date over the useful life of the underlying asset. Other than the previous conditions the depreciation starts at the commencement date of the lease till the end of the useful life of the asset or end of lease contract whichever is earlier.

The company applies EAS 31 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statement of profit or loss. Currently, the company does not have such variable rents.

The standard permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The company has not used this practical expedient.

Sale and leaseback transactions

If the transfer of the asset by the "lessee" seller does not meet the requirements of EAS 48 for accounting as a sale of the asset. The seller "lessee" must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer and must account for the financial obligation to comply with Egyptian Accounting Standard 47.



**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 | Total        |
|-----------------------------------|----------|------------|------------|----------------------|-------------------------|------------|------------------------------|------------------------|----------|---------------------|--------------|
|                                   |          | EGP        | EGP        | EGP                  | EGP                     | EGP        | EGP                          | EGP                    | EGP      | EGP                 | EGP          |
| As of January 1, 2018             |          | --         | --         | 20 934 928           | 87 297 058              | 12 226 724 | 6 125 331                    | 10 811 317             | 149 300  | 641 766             | 138 186 424  |
| Additions during the year         |          | --         | --         | 1 739 117            | 68 131 323              | 34 710 841 | 1 224 130                    | 1 026 052              | --       | --                  | 106 831 464  |
| Disposals                         |          | --         | --         | --                   | (13 748 649)            | --         | --                           | --                     | --       | --                  | (13 748 649) |
| As of December 31, 2018           |          | --         | --         | 22 674 045           | 141 679 732             | 46 937 565 | 7 349 461                    | 11 837 369             | 149 300  | 641 766             | 231 269 238  |
| 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 period       |          | --         | --         | 8 644 116            | 35 473 172              | 4 891 429  | 749 526                      | 374 970                | --       | --                  | 50 133 213   |
| Disposals during the period       |          | --         | --         | --                   | (4 496 490)             | --         | --                           | --                     | --       | --                  | (4 496 490)  |
| As of September 30, 2019          |          | 25 970 500 | 41 129 500 | 31 318 161           | 172 656 414             | 51 828 994 | 8 098 987                    | 12 212 339             | 149 300  | 641 766             | 344 005 960  |
| <b>Accumulated depreciation</b>   |          |            |            |                      |                         |            |                              |                        |          |                     |              |
| As of January 1, 2018             |          | --         | --         | 15 210 673           | 55 607 872              | 5 310 009  | 2 218 300                    | 2 093 572              | 104 510  | 506 380             | 81 051 316   |
| Depreciation for the year         |          | --         | --         | 3 307 107            | 29 433 105              | 7 130 931  | 1 245 933                    | 2 053 298              | 29 860   | 114 833             | 43 315 067   |
| Depreciation of disposals         |          | --         | --         | --                   | (7 488 104)             | --         | --                           | --                     | --       | --                  | (7 488 104)  |
| As of December 31, 2018           |          | --         | --         | 18 517 780           | 77 552 873              | 12 440 940 | 3 464 233                    | 4 146 870              | 134 370  | 621 213             | 116 878 279  |
| 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 period       |          | --         | 771 178    | 10 628 671           | 22 436 606              | 1 819 665  | 1 014 044                    | 1 658 503              | 14 928   | 20 553              | 38 364 148   |
| Depreciation of disposals         |          | --         | --         | --                   | (3 915 488)             | --         | --                           | --                     | --       | --                  | (3 915 488)  |
| As of September 30, 2019          |          | --         | 2 913 340  | 29 146 451           | 96 073 991              | 14 260 605 | 4 478 277                    | 5 805 372              | 149 298  | 641 766             | 153 469 101  |
| <b>Net book value</b>             |          |            |            |                      |                         |            |                              |                        |          |                     |              |
| As of September 30, 2019          |          | 25 970 500 | 38 216 160 | 2 171 710            | 76 582 423              | 37 568 388 | 3 620 710                    | 6 406 967              | 2        | --                  | 190 536 860  |
| As of December 31, 2018           |          | --         | --         | 4 156 265            | 64 126 859              | 34 496 625 | 3 885 228                    | 7 690 500              | 14 930   | 20 553              | 114 390 958  |

On April 1, 2019, the company revised the useful lives of its fixed assets and the useful life of the Point of Sales machines has been changed from 3 years to 4 years which resulted in a revision in the depreciation expense during the period in the amount of EGP 7.3 million

On April 11, 2019, the Board of Directors decided to pay the remaining obligations of the lease and then purchase the Smart Village building from the leasing company in accordance with the contract between the two parties, and on April 18, 2019, the remaining obligations of the lease were paid in a total amount of 23 847 047 EGP. The building's acquisition cost was 43 267 632 EGP. The balances have been adjusted on January 1, 2019 in order to reflect the effect of the initial application of FAS 49 (Note No. 33)

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

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For the nine months ended September 30, 2019

**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>         |
| <b>As of January 1, 2018</b>           | <b>17 715 102</b> | <b>85 502 109</b>  | <b>103 217 211</b> |
| Additions during the year              | 1 641 361         | 32 796 600         | 34 437 961         |
| <b>As of January 1, 2019</b>           | <b>19 356 463</b> | <b>118 298 709</b> | <b>137 655 172</b> |
| Additions during the period            | 4 946 372         | 42 827 624         | 47 773 996         |
| <b>As of September 30, 2019</b>        | <b>24 302 835</b> | <b>161 126 333</b> | <b>185 429 168</b> |
| <b><u>Accumulated amortization</u></b> |                   |                    |                    |
| <b>As of January 1, 2018</b>           | <b>5 515 789</b>  | <b>25 628 403</b>  | <b>31 144 192</b>  |
| Amortization for the year              | 1 667 231         | 8 369 757          | 10 036 988         |
| <b>As of January 1, 2019</b>           | <b>7 183 020</b>  | <b>33 998 160</b>  | <b>41 181 180</b>  |
| Amortization for the period            | 2 229 780         | 8 464 342          | 10 694 122         |
| <b>As of September 30, 2019</b>        | <b>9 412 800</b>  | <b>42 462 502</b>  | <b>51 875 302</b>  |
| <b><u>Net book value</u></b>           |                   |                    |                    |
| <b>As of September 30, 2019</b>        | <b>14 890 035</b> | <b>118 663 831</b> | <b>133 553 866</b> |
| <b>As of December 31, 2018</b>         | <b>12 173 443</b> | <b>84 300 549</b>  | <b>96 473 992</b>  |

**6. Projects Under Construction**

The main reason for the increase in assets under construction is additions of programs and licenses in the amount of EGP 307 514 and equipment in the amount of EGP 1 759 622 taking into consideration the transfers to fixed assets in the amount of EGP 132 399.

**7. Investments in subsidiaries**

On May 20, 2019, The Company invested in Fawry FMCG by a percentage of 51% and the company's shares in capital was paid by an amount of EGP 5.1 million.

**8. Investments in associates**

The increase is due to the company's investments in Bosta, Inc. & Delaware Corporation by an amount of EGP 5 122 260.

**9. Accounts and notes receivable**

This increase in accounts and notes receivables is due to the increase in the volume of transactions resulting in the increase of recognized revenues during the period and in the increase of related customers' receivable balance by an amount of EGP 16 476 883.

**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, 2019

**10. Debtors and other debit balances**

|                           | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|---------------------------|---|--|
| Vendors – advance payment | 9 479 511   | 5 534 734  |
| Prepaid expenses          | 5 271 304   | 5 073 383  |
| Deposits with others      | 494 700   | 152 700  |
| Withholding tax           | 10 692 642  | 16 861 365                                       |
| Other debit balances      | 10 154 003  | 5 393 099  |
|                           | <u>36 092 160</u>                                 | <u>33 015 281</u>                                |

The increase in debtors and other debit balances is due to the increase in vendors' advance payments by an amount of EGP 3.9 Million in addition to the decrease in withholding taxes by an amount of EGP 6.1 Million.

**11. Due from related parties**

|   | <u>Account type</u> | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|---|---------------------|---|--|
| PSI Netherlands Holding BV (Holding Company)          | Current account     | --  | 14 717 773                                       |
| Tazcara Information Technology and Electronic Booking | Current account     | 749 390   | 451 452  |
| Bosta Inc. Delaware                                   | Current account     | 7 300 970   | --   |
| Fawry Micro Finance                                   | Current account     | 64 202 971  | --   |
| Fawry Plus  | Current account     | 2 027 799   | --   |
| Wafarrha.com  | Current account     | 252 178   | --   |
| Brokerage   | Current account     | 121 856   | --   |
| FMCG  | Current account     | 469 954   | --   |
|   |                     | <u>75 125 118</u>                                 | <u>15 169 225</u>                                |

- On April 18, 2019, a share sale contract was signed with PSI Netherlands Holding BV (Holding Company) under which the ownership of 1 396 825 shares of Bosta, Inc., a Delaware Corporation was transferred for 300 000 U.S. dollars. Holding Company and a debt transfer contract was signed between the company and Bosta, Inc., a Delaware Corporation, under which the amount due from Bosta, Inc.... a Delaware Corporation of the Holding Company was transferred to the company and the value of that transfer was settled from the balance due to the holding company in the amount of 163 000 U.S. dollars.
- During the second quarter of 2019, a debt transfer contract was signed between the company and the holding company, under which the amount due from Fawry Gulf of the holding company is transferred to the holding company and the value of that transfer was settled from the balance due from the holding company in the amount of USD 12 514 equivalent to the amount of EGP 213 667. The outstanding balance of the holding company was thus fully settled to the outstanding balance of EGP 0.



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

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For the nine months ended September 30, 2019

### 12. Loans to related parties

The main reason behind the increase in this account due to the increase in the amount of loans to Fawry plus by an amount of EGP 9.2 Million during the period.

### 13. Treasury Bills

|                       | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|-----------------------|---|--|
| Treasury bills        | 167 400 000                                       | 267 500 000                                      |
| <b><u>Deduct:</u></b> |   |  |
| Unrealized interest   | (3 810 229)                                       | (7 594 011)                                      |
|                       | <u>163 589 771</u>                                | <u>259 905 989</u>                               |

### 14. Cash and cash at banks

|  | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|--|---|--|
| Cash   | 28 403 132  | 15 003 605                                       |
| Bank accounts – local currency               | 295 175 288                                       | 211 691 243                                      |
| E-Acceptance (transactions under settlement) | 13 557 256  | 3 740 173  |
| Cash at money transfer companies             | 206 397 540                                       | 94 435 195                                       |
| Bank accounts – foreign currencies           | 13 537 456  | 9 288 064  |
| Time deposits – local currencies             | 10 019 726  | --   |
| Time deposits – foreign currencies           | 33 551 072  | 87 962 667                                       |
| <b>Cash and cash at banks</b>                | <u>600 641 470</u>                                | <u>422 120 947</u>                               |

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

|                                     | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>September 30,</u><br><u>2018</u><br><u>EGP</u> |
|-------------------------------------|---|---|
| Cash and bank balances              | 660 641 470                                       | 552 603 282                                       |
| Treasury bills – less than 3 months | 107 294 000                                       | 60 107 629  |
|                                     | <u>707 935 470</u>                                | <u>612 710 911</u>                                |

### 15. 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 35 365 206 shares of par value EGP 10 each.

On 28 March 2019 the extraordinary general assembly meeting decided to split the share to 20 shares and therefore the par value for one share would be EGP 0.5 and so the number of shares will accordingly reach 707 304 120 shares. The commercial register was updated on 10 June 2019.

**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, 2019

**16. Provisions**

|                      | <u>Balance as of</u><br><u>December 31,</u><br><u>2018</u><br><u>EGP</u> | <u>Formed during</u><br><u>the period</u><br><u>EGP</u> | <u>Used during the</u><br><u>period</u><br><u>EGP</u> | <u>Balance as of</u><br><u>September 30,</u><br><u>2019</u><br><u>EGP</u> |
|----------------------|--|---|---|---|
| Provision for claims | 21 825 576   | 1 350 000   | (5 163 434)   | 18 012 142  |
|                      | <u>21 825 576</u>  | <u>1 350 000</u>  | <u>(5 163 434)</u>                                    | <u>18 012 142</u>   |

**17. Accounts and Notes Payable**

|                  | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|------------------|---|--|
| Accounts payable | 4 217 533   | 19 174 572                                       |
| Notes payable    | 4 425 988   | 467 418  |
|                  | <u>8 643 521</u>                                  | <u>19 641 990</u>                                |

**18. Accounts Payable – Billers**

|                        | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|------------------------|---|--|
| Billers payable        | 399 600 691                                       | 287 007 924                                      |
| Billers' notes payable | 94 018 418  | 80 000 019                                       |
|                        | <u>493 619 109</u>                                | <u>367 007 943</u>                               |

**19. Creditors and other credit balances**

|                                | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>December 31,</u><br><u>2018</u><br><u>EGP</u> |
|--------------------------------|---|--|
| Accrued expenses               | 20 231 160  | 12 914 515                                       |
| Accrued commissions            | 24 124 194  | 12 982 415                                       |
| Tax Authority                  | 15 709 019  | 14 924 562                                       |
| Unearned Revenue               | 6 429 716   | 4 501 723  |
| Health insurance contributions | 1 360 233   | 815 213  |
| Other credit balances          | 17 680 754  | 8 764 469  |
|                                | <u>85 535 079</u>                                 | <u>54 656 974</u>                                |

The increase in creditor and other credit balances is mainly due to the increase in accrued expenses by an amount of EGP 7.3 Million and accrued commissions in the amount of EGP 11.1 million which mainly represent commissions to merchants and banks. In addition to the increase other credit balances in the amount of EGP 9.1 Million.

**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, 2019

**20. Due to related parties**

|                                     | <u>Nature of relationship</u> | <u>Account type</u> | <u>September 30, 2019</u><br><u>EGP</u> | <u>December 31, 2018</u><br><u>EGP</u> |
|-------------------------------------|-------------------------------|---------------------|---|--|
| Fawry Integrated Systems            | Subsidiary                    | Current account     | 45 068 193                              | 51 018 292                             |
| Fawry Dahab for Electronic Services | Subsidiary                    | Current account     | 25 104 132                              | 6 715 379                              |
| Fawry Micro Finance                 | Subsidiary                    | Current account     | --                                      | 5 527 996                              |
| Fawry Plus for Banking Services     | Associate                     | Current account     | --                                      | 7 035 626                              |
| Waffarha.com                        | Joint Venture                 | Current account     | --                                      | 97 201                                 |
|                                     |                               |                     | <u>70 172 325</u>                       | <u>70 394 494</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, 2019</u><br><u>EGP</u> | <u>December 31, 2018</u><br><u>EGP</u> |
|---------------------------------------|---|--|
| Letters of guarantee – local currency | 516 449 625                             | 409 844 625                            |
|                                       | <u>516 449 625</u>                      | <u>409 844 625</u>                     |

- The letters of guarantee facilities obtained from banks amounted to EGP 566.5 million as of September 30, 2019, the company has signed promissory notes in the same amount as a guarantee of the obtained facilities. The utilized amount from the banks facilities amounted to EGP 516.4 million in the form of issued letters of guarantee.
- According to the purchase agreement dated on October 1, 2018 with Waffarha.com Company. Fawry for Banking and Payment Technology Services shall pay prices difference for Waffarha.com old shareholders up to 150% of the first trench. In addition, if Waffarha.com recognized revenue certain level of revenue during 2019, Fawry for Banking and Payment Technology Services shall sell / purchase certain number of quotas for Waffarha.com old shareholders up to 15 Quotas.

**22. Credit interest**

|   | <u>September 30, 2019</u><br><u>EGP</u> | <u>December 31, 2018</u><br><u>EGP</u> |
|---|---|--|
| Credit interest - current accounts and time deposit | 18 891 530                              | 22 654 126                             |
| Credit interest - treasury bills                    | 18 559 690                              | 24 844 764                             |
| Credit interest – loans to related party            | 2 464 431                               | --                                     |
|   | <u>39 915 651</u>                       | <u>47 498 890</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, 2019

**23. Significant related parties' transactions**

| <u>Nature of the Transaction</u>    |  | <u>Volume of transactions during the period</u> |
|-------------------------------------|--|---|
|                                     |  | <u>EGP</u>                                      |
| Fawry Dahab for Electronic Services | Electronic Payment services revenue                | 20 592 267                                      |
|                                     | Dividends income from related party                | 6 743 761                                       |
| Fawry Integrated Services           | Intangible assets acquisition                      | (26 576 153)                                    |
|                                     | POS machine sales                                  | (29 522 073)                                    |
| Fawry Plus for Banking Services     | Loans to related party                             | 9 275 000                                       |
|                                     | Cost of cash collection on behalf of related party | (17 860 382)                                    |
|                                     | Credit interest from the related party             | 2 464 432                                       |

**24. Operating revenues**

|  | <u>September 30, 2019</u> | <u>September 30, 2018</u> |
|--|---------------------------|---------------------------|
|  | <u>EGP</u>                | <u>EGP</u>                |
| Transactions services revenues – collection fees | 467 399 414               | 375 334 651               |
| Subscription revenues                            | 23 391 904                | 11 731 197                |
| Other operating revenues                         | 8 371                     | 114 780                   |
|  | <b>490 799 689</b>        | <b>387 180 628</b>        |

**25. Operating costs**

|   | <u>September 30, 2019</u> | <u>September 30, 2018</u> |
|---|---------------------------|---------------------------|
|   | <u>EGP</u>                | <u>EGP</u>                |
| Merchants' and channel fees                 | 177 568 863               | 159 542 852               |
| Banks fees                                  | 11 043 315                | 9 237 253                 |
| Depreciation and amortization (Note No. 28) | 24 752 738                | 11 677 489                |
| Cash collection cost                        | 20 367 438                | 17 572 854                |
| Others                                      | 5 541 942                 | 4 402 601                 |
|   | <b>239 274 296</b>        | <b>202 433 049</b>        |

**26. General and administrative expenses**

|   | <u>September 30, 2019</u> | <u>September 30, 2018</u> |
|---|---------------------------|---------------------------|
|   | <u>EGP</u>                | <u>EGP</u>                |
| Technical support and service centers       | 20 431 074                | 15 670 130                |
| Rent expense (Note No. 33)                  | 414 635                   | 13 886 413                |
| Salaries                                    | 38 332 939                | 27 699 296                |
| Depreciation and amortization (Note No. 28) | 24 305 533                | 25 900 828                |
| Other                                       | 24 234 275                | 18 590 455                |
|   | <b>107 718 456</b>        | <b>101 747 122</b>        |

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**27. Selling and distribution expenses**

The main reason behind the increase in selling and distribution expenses is the increase of salaries and wages in the amount of EGP 25 588 066 in addition to an increase of EGP 4 395 809 in sales and distribution commissions during the period.

|                                   | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>September 30,</u><br><u>2018</u><br><u>EGP</u> |
|-----------------------------------|---|---|
| Selling and marketing commissions | 72 380 669  | 46 792 603  |
| Selling and marketing expenses    | 18 948 970  | 14 566 134  |
|                                   | <u>91 329 639</u>                                 | <u>61 358 737</u>                                 |

**28. Depreciation and amortization**

Depreciation and amortization for the period in the income statement, which amount of EGP 49 058 271 represents depreciation for fixed assets in the amount of EGP 38 364 148 (Note No. 4) and amortization of intangible assets in the amount of EGP 10 694 123 (Note No. 5), has been allocated as follows:

|                                     | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>September 30,</u><br><u>2018</u><br><u>EGP</u> |
|-------------------------------------|---|---|
| Operating costs                     | 24 752 738  | 11 677 489  |
| General and administrative expenses | 24 305 533  | 25 900 828  |
|                                     | <u>49 058 271</u>                                 | <u>37 578 316</u>                                 |

**29. Other Expenses**

Other expenses represent the expenses incurred during the period with EGP 3.6 Million in relation to the company's Initial Public Offering.

**30. Earnings per share**

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

|  | <u>September 30,</u><br><u>2019</u><br><u>EGP</u> | <u>September 30,</u><br><u>2018</u><br><u>EGP</u> |
|--|---|---|
| Net profit of the period                   | 67 148 837  | 58 728 988  |
| Average number of shares during the period | 707 304 120                                       | 352 214 010                                       |
|  | <u>0.09</u>                                       | <u>0.17</u>                                       |

### **31. Tax Position**

#### **Corporate tax**

The company is subject to the income tax law no. 91 for year 2005 and its executive regulations and amendments.

#### **The years from incorporation 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 2018**

- 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.

#### **Stamp duty tax**

#### **The years from inception until 31 December 2014**

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

#### **The years from 2015 until 31 December 2018**

- The company's records were not inspected.

#### **Sales tax / VAT tax**

#### **The years from inception until 31 December 2014**

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

#### **The years from 2015 until 31 December 2017**

- The company's records are currently under inspection and the company has not received any claims regarding the results of the tax inspection.

#### **The Year 2018**

- The company's records were not inspected.

#### **Withholding tax**

- The company's records were not inspected.



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

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For the nine months ended September 30, 2019

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

- In March 2019, the Minister of Investment and International Cooperation issued Decree No. 69 of 2019 amending certain provisions of the Egyptian Accounting Standards. The three accounting standards were issued, namely the Egyptian Accounting Standard No. (47) For Financial Instruments and the Egyptian Accounting Standard No. (48) for the revenue of contracts with customers and the accounting standard (49) concerning leasing contracts in accordance with the Financial Leasing Law and the No. 176 of 2018. The effect of applying the following standards on the company's separate financial statements is being determined.
- On May 6, 2019 the ordinary general Assembly decided to divide an amount of EGP 10.3 Million on the employees and share profit by an amount of EGP 5.5 Million for shareholders.
- On August 8, 2019, the Company started trading its shares on the stock exchange.

### **33. The effect of the initial application of EAS 49 (Lease Contracts)**

Some opening balances in the 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 were previously treated in accordance with EAS no. 20 only.

The following is a summary of the effect on the previously issued financial statements for the financial periods ended March 31, 2019, June 30, 2019 and the opening balances on January 1, 2019:

| EGP                                    | Before Adjustment<br>January 1, 2019 | After adjustment<br>January 1, 2019 | Adjustment<br>effect |
|--|--------------------------------------|-------------------------------------|----------------------|
| <b>Statement of financial position</b> |                                      |                                     |                      |
| 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)          |

**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, 2019

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

| EGP                                    | Before Adjustment<br>June 30, 2019 | After adjustment<br>June 30, 2019 | Adjustment<br>effect |
|--|------------------------------------|-----------------------------------|----------------------|
| <b>Statement of Financial Position</b> |                                    |                                   |                      |
| Fixed assets (Net)                     | 172 370 207                        | 193 726 577                       | 21 356 370           |
| Retained earnings                      | 105 927 440                        | 120 391 285                       | (14 463 845)         |
| Net profit for the period              | 37 391 178                         | 40 198 510                        | (2 807 332)          |
| Deferred tax liabilities               | 1 695 724                          | 5 780 916                         | (4 085 192)          |
| <b>Income Statement</b>                |                                    |                                   |                      |
| General and administrative expenses    | 74 924 266                         | 70 792 065                        | (4 132 201)          |
| Finance costs                          | 5 249 196                          | 6 574 064                         | 1 324 868            |
| Net profit for the period after tax    | 37 391 178                         | 40 198 510                        | (2 807 332)          |

Chief Financial Officer  
Abdel Meguid Afifi



Chief Executive Officer  
Ashraf Sabry



Chairman  
Saifullah Coutry

