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

Consolidated Financial Statements
Together with Auditor's Report
For The Year Ended December 31, 2020

Deloitte.

Saleh, Barsoum & Abdel Aziz
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Translation of Auditor's Report Originally Issued in Arabic

Independent Auditor's Report

To: The Shareholders of Fawry for Banking Technology and Electronic Payments S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the consolidated statement of financial position as of December 31, 2020 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and the relevant Egyptian laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fawry for Banking Technology and Electronic Payments as of December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and related Egyptian laws and regulations.

Cairo, March 29, 2021

K. Saleh

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

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

Translation of financial statement

Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of Financial Position
As of December 31, 2020

	Note No.	December 31, 2020 EGP	December 31, 2019 EGP
Assets			
Non-current assets			
Fixed assets (net)	(6)	249 779 641	233 899 441
Intangible assets (net)	(7)	169 386 163	125 381 225
Projects under construction	(8)	11 889 489	8 092 539
Micro finance loans (net)	(13)	46 330 308	9 709 765
Investments in associate	(9)	6 549 557	3 414 051
Investments in joint ventures	(10)	1 188 993	1 704 261
Total non-current assets		**485 124 151**	**382 201 282**
Current assets			
Inventories	(11)	4 894 389	109 339
Accounts and notes receivable	(12)	53 471 408	29 096 969
Loans to customers (net)	(13)	204 907 574	107 519 430
Advances to biller		385 426 890	202 366 328
Debtors and other debit balances	(14)	67 809 063	47 189 197
Due from related parties	(15)	6 212 787	10 330 169
Loan to related parties	(16)	37 602 912	27 816 579
Treasury bills	(17)	562 333 838	241 709 925
Cash and cash equivalents	(18)	623 737 310	442 661 921
Total current assets		**1 946 396 171**	**1 108 799 856**
Total assets		**2 431 520 322**	**1 491 001 138**
Equity and liabilities			
Equity			
Issued and paid-up capital	(19)	353 652 060	353 652 060
Legal reserve	(20)	37 799 312	32 465 079
Retained amount from retained earnings for capital increase	(44)	100 000 000	0
Combination reserve	(21)	5 841 596	5 841 596
Compulsory reserve for EAS 47 Application Risk	(22)	2 612 539	0
Retained earnings		268 270 884	201 317 499
Total equity for the parent company		**768 176 391**	**593 276 234**
Non controlling interest		28 727 823	33 648 419
Total equity		**796 904 214**	**626 924 653**
Non-Current Liability			
Deferred tax laibiity	(37)	5 729 739	3 958 566
Total Non-current liabilities		**5 729 739**	**3 958 566**
Current liabilities			
Provisions	(23)	20 802 142	18 762 142
Banks overdraft	(24)	222 983 552	--
Accounts and notes payable	(25)	29 251 646	16 949 634
Accounts payable– billers	(26)	770 253 418	437 368 051
Merchants advances		353 441 286	218 095 480
Retailer's POS security deposits		38 982 402	23 116 484
Creditors and other credit balances	(27)	137 044 872	106 497 282
Current income tax		56 127 051	39 328 846
Total current liabilities		**1 628 886 369**	**860 117 918**
Total equity and liabilities		**2 431 520 322**	**1 491 001 138**

فوري
لتكنولوجيا البنوك والمدفوعات الإلكترونية

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

M.A

Chief Financial Officer	Chief Executive Officer	Chairman
AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

Auditor's report attached.

Translation of financial statement
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated Statement of Profit or Loss
For the year ended December 31, 2020

	Note No.	December 31, 2020	December 31, 2019
		EGP	EGP
Operating revenues	(29)	1234 562 921	884 138 253
Less:			
Operating costs	(30)	(566 666 470)	(425 280 948)
Gross margin		**667 896 451**	**458 857 305**
Add (Less):			
General and administrative expenses	(31)	(236 217 835)	(183 274 492)
Board Compensation expenses		(1 261 744)	(727 319)
Selling and marketing expenses	(32)	(190 435 802)	(123 210 588)
Medical contribution in the fund of Health insurance		(4 065 677)	(2 656 674)
Formed provisions	(23)	(2 040 000)	(1 800 000)
Customers financing risk provision	(13)	(8 048 358)	(3 182 200)
Other Operting Expenses		(7 765 003)	(7 304 288)
Net gain from incentives of spreading pos points of CBE initiative	(47)	21 400 420	--
Gain on disposal of fixed assets		4 656 402	5 932 475
Other revenues		2 552 485	2 765 967
Operating Profit		**246 671 339**	**145 400 186**
Credit interest	(33)	67 105 771	55 477 683
Finance costs	(34)	(15 758 334)	(13 365 069)
Share of investments in associate and joint venture losses	(36)	(4 680 732)	(10 592 755)
Foreign currency exchange losses		(70 909)	(2 335 131)
Other Expenses		(55 506)	(3 626 981)
Profit of the year before tax		**293 211 629**	**170 957 933**
Current income tax		(67 875 965)	(39 328 846)
Deferred tax	(37)	(1 771 173)	(1 240 448)
Net profit for the year after tax		**223 564 491**	**130 388 639**
Distributed as follows:			
Net profit for the parent company		186 234 037	102 903 064
Net profit for the non controlling interest		37 330 454	27 485 575
Net profit for the year after tax		**223 564 491**	**130 388 639**
Earnings per share	(40)	0.23	0.13

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

Chief Financial Officer	Chief Executive Officer	Chairman
M.A AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

فوري ١
لتكنولوجيا البنوك والمدفوعات الإلكترونية
ب.ض:٢٦٨١٢ س.ت:١٢٣٣٢ ش.ق.م.٢٨٦٧٢٣٥٢٠

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of comprehensive income
For the year ended December 31, 2020

	December 31, 2020	December 31, 2019
	EGP	EGP
Profit for the year	**223 564 491**	**130 388 639**
Other comprehensive income	--	--
Total other comprehensive income	--	--
Total comprehensive income for the year	**223 564 491**	**130 388 639**
Distributed as follows:		
Comprehensive income for the parent company	186 234 037	102 903 064
Comprehensive income for the non controlling interest	37 330 454	27 485 575
Total comprehensive income for the year	**223 564 491**	**130 388 639**

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

Chief Financial Officer	Chief Executive Officer	Chairman
AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

M.A

فوري ١
لتكنولوجيا البنوك والمدفوعات الإلكترونية
ب.ض: ٢٦٨١٢ س.ت: ١٣٣٣٢ ض.ق.م. ٢٨٦٧٢٢٥٢٠

Translation of financial statement
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of changes in equity
For the year ended December 31, 2020

	Note No.	Issued and paid up capital	Legal reserve	Retained amount from retained earnings for capital increase	Combination reserve	Compulsory reserve to cover application's risks of EAS 47	Retained Earnings	Total equity of the parent	Non controlling interest	Total equity
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2019		353 652 060	28 993 362	--	5 841 596	--	103 320 761	491 807 779	12 414 564	504 222 343
The effect of initial application of EAS 49	(46)	--	--	--	--	--	14 463 842	14 463 842	--	14 463 842
Balance as of January 1, 2019 (Restated)		353 652 060	28 993 362		5 841 596	--	117 784 603	506 271 621	12 414 564	518 686 185
Comprehensive income items										
Net profit for the year		--	--	--	--	--	102 903 064	102 903 064	27 485 575	130 388 639
Total comprehensive income		--	--		--	--	102 903 064	102 903 064	27 485 575	130 388 639
The company's shareholders transactions										
Transferred to accumulated losses and legal reserve		--	3 471 717	--	--	--	(3 471 717)	--	4 900 009	4 900 009
Divedends distribution		--	--	--	--	--	(15 898 451)	(15 898 451)	(11 151 729)	(27 050 180)
Total company's shareholders transactions		--	3 471 717	--	--	--	(19 370 168)	(15 898 451)	(6 251 720)	(22 150 171)
Balance as of December 31, 2019		353 652 060	32 465 079	--	5 841 596	--	201 317 499	593 276 234	33 648 419	626 924 653
Balance as of January 1, 2020		353 652 060	32 465 079	--	5 841 596	--	201 317 499	593 276 234	33 648 419	626 924 653
Comprehensive income items										
Net profit for the year		--	--	--	--	--	186 234 037	186 234 037	37 330 454	223 564 491
Total comprehensive income		--	--	--	--	--	186 234 037	186 234 037	37 330 454	223 564 491
The company's shareholders transactions										
Transferred to retained earnings and legal reserve		--	5 334 233	--	--	--	(5 334 233)	--	--	---
Retained amount from retained earnings for capital increase	(44)	--	--	100 000 000	--	--	(100 000 000)	--	--	--
Divedends distribution		--	--	--	--	--	(11 333 883)	(11 333 883)	--	(11 333 883)
Non-controlling interest share from dividends distributed in subsidiaries		--	--	--	--	--	--	--	(42 251 050)	(42 251 050)
Compulsory reserve for EAS 47 Application Risk		--	--	--	--	2 612 539	(2 612 539)	--	--	--
Total company's shareholders transactions		--	5 334 233	100 000 000	--	2 612 539	(119 280 655)	(11 333 883)	(42 251 050)	(53 584 933)
Balance as of December 31, 2020		353 652 060	37 799 312	100 000 000	5 841 596	2 612 539	268 270 883	768 176 389	28 727 823	796 904 212

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

M.A

Chief Financial Officer
AbdelMaguid Mohamed Afifi

Chief Executive Officer
Ashraf Kamel Mousa Sabry

Chairman
Saifullah Coutry Saadi

فوري ١
لتكنولوجيا البنوك والمدفوعات الإلكترونية
ب.ض: ٢٦٨١٢ س.ت: ١٣٣٢ ض.ق.م ٢٨٦٧٢٢٥٣٠

Translation of financial statement
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of cash flows
For the year ended December 31, 2020

	Note	December 31, 2020 EGP	December 31, 2019 EGP
Cash flows from operating activities:			
Net profit for the year before tax		293 211 629	170 957 933
Adjusted by:			
Depreciation and amortization during the year	(6-7)	88 392 028	65 402 595
Formed provisions	(23)	2 040 000	1 800 000
Customers financing risk provision	(13)	8 048 358	3 182 200
Credit interest		(67 105 771)	(55 477 683)
Share of investments in associate and joint venture losses	(29)	4 680 732	10 592 755
Unrealized foreign currency exchange gain		70 909	2 335 131
Gain on sale of fixed assets		(4 656 402)	(5 932 475)
Finance expenses		15 758 334	13 365 069
Used provisions		--	(5 163 434)
Operating gain before change in working capital		**340 439 817**	**201 062 091**
Changes in Working capital			
Decrease in inventory		(4 785 050)	6 309 246
(incease) in advances to billers		(183 060 562)	(77 012 793)
(Increase) in debtors and other debit balances		(20 619 866)	(10 569 235)
(Increase) in accounts and notes receivable		(24 374 439)	(8 536 897)
Increase in loans to customers		(142 057 045)	(120 054 202)
(Increase) / Decrease in Due from related parties		4 117 382	(283 202)
(Increase)/(Decrease) in accounts and notes payable		12 302 012	(9 059 730)
Increase in accounts payable- billers		332 885 367	70 360 108
Increase in merchants prepaid balances		135 345 806	87 597 142
Increase in retailer's POS security deposits		15 865 918	4 547 484
Increase / (Decrese) in creditors and other credit balances		10 655 680	43 230 955
(Decrease) / Increase in Due to related parties		--	(7 132 827)
Net gain from incentives of spreading pos points of CBE initiative	(47)	21 400 420	--
		498 115 440	**180 458 140**
Income tax paid		(19 436 935)	(28,477,696)
Proceeds from credit interest		67 105 771	55 477 683
Net cash provided from operating activities		**545 784 276**	**207 458 127**
Cash flows from investing activities			
(Payments) to acquire fixed assets		(126 144 031)	(122 570 048)
(Payments) for projects under construction		(3 796 950)	(1 833 032)
(Payments) to acquire intangible assets		(63 809 837)	(55 509 507)
Proceeds from sale of fixed assets		24 932 684	6 736 540
Payments to acquire Investment in associate and jount venture		(7 300 970)	--
(Increase) in loans to related parties		(9 786 333)	(13 201 167)
Net movment of treasury bills - more than three months		(510 352 930)	61 802 913
Net cash flows (used in) investing activities		**(696 258 367)**	**(124 574 301)**
Cash flows from financing activities			
Dividends Paid		(53 584 933)	(27 050 180)
Proceed from Non-controlling interest		--	4 900 009
Proceeds from Bank overdrafts		222 983 552	--
Finance Expenses Paid		(15 758 334)	(13 365 069)
Net cash (used in) financing activities		**153 640 285**	**(35 515 240)**
Net change in cash and cash equivalents during the year		3 166 195	47 368 586
Cash and cash equivalents at beginning of the year		620 642 024	575 608 569
Exchange rate changes on cash and cash equivalents		(70 909)	(2 335 131)
Cash and cash equivalents at end of the year	(18)	**623 737 310**	**620 642 024**

فوري (١)
لتكنولوجيا البنوك والمدفوعات الإلكترونية

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

M.A **Chief Financial Officer**
AbdelMaguid Mohamed Afifi

Chief Executive Officer
Ashraf Kamel Mousa Sabry

Chairman
Saifullah Coutry Saadi

1. General information

Fawry for Banking Technology and Electronic Payments 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 was changed to No. 50840 in March 2011. The company has been re-registered at the 6th of October's Commercial Register under No. 1333 on July 19, 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment's 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, and renting properties, 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 Group is twenty-five years from the Commercial Register date.

The Consolidated financial statements of the company were approved in the board of directors meeting dated 28 March 2020.

2. Statement of compliance

The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance to the Egyptian Accounting Standards, issued by the Minister of Investment Decree No. 110 for the year 2015, and in the light of the relevant Egyptian laws and regulations.

The Egyptian Accounting Standards require reference to the International Financial Reporting Standards "IFRS" for events and transactions that have not been covered by the Egyptian Accounting Standard or legal requirements describing their treatments.

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 7 April 2019.

On 20 September 2020, Prime Minister Decision No. 1871 of 2020 postponed the implementation of the following new Egyptian Accounting Standards: Standard (47) - Financial Instruments, Standard (48) - Revenue from Contracts with Clients and Standard (49) - Leasing Contracts, effective date of application will be for the financial years starting from January 1, 2021

The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1-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. 2-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.	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.
	3-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. 4-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 "	-These amendments are effective as of the date of implementing Standard No. (47)

The new Egyptian Accounting Standard No. (48) -"Revenue from Contracts with Customers"	1-The new Egyptian Accounting Standard No.(48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" 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 l 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	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing ", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued.

		According to Minister of Investment and Cooperation decision No. (69) of 2019 on the amendment of the Egyptian Accounting Standards, financial leasing companies and lessees under financial leasing contracts from non-banking financial institutions and companies listed on the Egyptian Stock Exchange should apply the standard of financial leasing contracts earlier than 30 / 9/2019, with the obligation to disclose the accounting impact resulting from the application of the standard on the financial statements issued during the period from 1/1/2019 until the end of each financial period for which financial statements are prepared.
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019

3. Basis of preparation of the Consolidated financial statements

The consolidated financial statements have been prepared in accordance to the historical cost basis except for the financial assets and liabilities measured at fair value, or at amortized cost, or cost according to the relative accounting standards.

Changes in accounting policies and disclosures

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments 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 financial leasing operations" and 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 1995 Therefore, the group must apply the new Egyptian Standard No. (49) at the beginning of 2019 to contracts subject to the provisions of Law 95 of 1992 that were previously dealt with according to Egyptian Accounting Standard No. (20) according to the instructions mentioned in the periodic book No. 171 For the year 2019 issued on August 4, 2019, the companies Laguerre Lease and tenants under leasing contracts of non-bank financial firms and companies have restricted securities Egyptian Stock Exchange application of the standard lease financing no later than September 30, 2019 Therefore, the date shall be the first application in January 1, 2019.

1- The group as lessee according to law 95 for year 1995

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group 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 Group 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 Group uses its incremental borrowing rate for such liabilities.

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

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

Subsequent measurement of lease liability:

The lease liability is subsequently measured as follows:

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

- The Group remeasures 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 remeasured 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 remeasured 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:

a. 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.
b. Lease payments made at or before the start day
c. Any initial direct costs
d. Whenever the Group 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:

a. Accumulated depreciation and impairment losses.
b. 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 Group 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 that 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 Group 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 include in the line "administrative expenses" in the statement of profit or loss. Currently, the Group 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 Group has not used this practical expedient.

Sale and lease back transactions

If the transfer of the asset by the "Lessor" seller does not meet the requirements of Egyptian Accounting Standard 48 for accounting for it as a sale of the asset. The seller (the lessee) must continue to recognize the transferred asset and must recognize a financial obligation equal to the transfer proceeds and must account for the financial obligation by applying Egyptian Accounting Standard No. 47.

4. Critical accounting judgments and key sources of uncertain estimations

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates therefore, these estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods (prospectively) if the revision affects both current and future periods.

5. Significant accounting policies

The principal accounting policies used in preparing the consolidated financial statements are set out below:

a. Basis of consolidation

The consolidated financial statements represent the financial statements of the Parent Company and the entities that it controls (its subsidiaries) up till 31 December of each year. Control is achieved when the Company

- Has power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee and
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it still controls an investee, and whether facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- The size of the Company's voting rights relative to the size and dispersion of the other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is distributed amongst the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interest are either measured at fair value or at another basis specified in the Egyptian Accounting Standards that is applicable to it.

When the consideration transferred from the group – within a business combination – includes assets and liabilities arising from a conditional agreement, the conditional consideration is measured at the fair value at the acquisition date and recognized as part of the consideration transferred in business combination. If any changes occurred – other than those that match measurement period adjustments – in the fair value for the conditional consideration, then these adjustments should be adjusted retroactively against goodwill. Measurement period adjustments are defined as adjustments results from additional information arise during the period (12 months from acquisition date) about events and facts on the acquisition date.

The subsequent treatment for the fair value changes – of the conditional consideration which doesn't match the definition of the measurement period adjustments – based on the classification of the conditional consideration. If the conditional consideration is classified as owners' equity it shouldn't be re-measured in the subsequent periods and should be included in the equity, If it is classified as a monetary asset or liability it should be measured in the subsequent periods according to EAS No. 26 or EAS No. 28 "Contingent assets and contingent liabilities provisions" and recognizing the profit or loss in the statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

b. <u>Business combination</u>

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- Measuring the cost of the business combination; and
- Allocating, at the acquisition date, the cost of the combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of the business combination is measured as the aggregate of the fair values, at the (date of exchange), of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS (29)"Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in statement of profit or loss.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The Group usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

The Company currently holds the following direct and indirect interests in its subsidiaries:

Subsidiary	**Country**	**Main activity**	**Holding percentage**
Fawry Integrated Systems Company	Egypt	Provide operations services specialized in systems and communications, management, operating and maintenance of equipment's and computers networks ,services.	99.99%
Fawry Dahab for Electronics Services	Egypt	Provide operations services specialized in systems and communications, management, operating and maintenance of equipment's and computers networks services. And electronic financial payments through the group.	39.11%
Fawry Micro Finance	Egypt	Micro finance activities.	99.8%
Fawry Insurance Brokerage	Egypt	Insurance Brokerage	90%
Fawry Fast Moving Consumer Goods	Egypt	Fast Moving Consumer Goods	51%
Fawry Gulf	UAE	Free zone – The United Arab Emirates	75%

a) Foreign currencies

The Egyptian pound has been designated as the Group's functional currency. Transactions denominated in foreign currencies are translated to the Egyptian pound using the effective exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-valued at the end of each reporting period using exchange rates prevailing on that date.

The non-monetary items denominated in foreign currencies and measured at fair value, are translated at the exchange rates ruling at the date the fair value was determined. As for non-monetary items in other currencies, which are measured at historical cost, they are not retranslated.

The gains and losses resulting from the translation differences are recognized in the consolidated statement of profit or loss in the period in which they arise except for the differences resulting from the translation of non-monetary assets and liabilities denominated at fair value, as their related translation differences are included in the changes in the fair value.

b) Interests in associates and joint venture entities

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", where they are stated at the lower of their carrying amount or fair value (less costs to sell).

Under the equity method, investments in associates and jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate / jointly controlled entity, less any impairment in the value of individual investments. Losses of an associate / jointly controlled entity in excess of the Group's interest in that associate/ jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate / jointly controlled entity) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's / jointly controlled entity's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with EAS (29) Business Combination, Therefore:

- Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the investment recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.
- Any excess of the group's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in profit or loss in the determination of the group's share of the investee's profit or loss in the period in which the investment was acquired.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment for that asset.

The following table provides a list of the Group's associates and jointly controlled entities:

	Country of Domicile	Ownership %
Associate:		
Fawry Plus for Banking Services	Egypt	38%
Bosta	Egypt	15.97%
Tazcara for information technology and electronic booking	Egypt	20%
Joint Venture:		
Waffarha.Com	Egypt	22.5%

c. Fixed assets and depreciation

Fixed assets are stated in the Consolidation financial position at historical cost, less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less impairment. Cost of fixed assets includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the assets carrying amount or recognized separately - as appropriate - only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

The depreciation of these assets starts when they are ready for their intended use according to the same basis of depreciation applied with other fixed assets.

Depreciation is charged so as to write-off the cost of assets using the straight-line method, over their estimated useful lives, represented as follows: -

Assets description	Years
Building	40
Networks and servers	4
Point of sales machines	1 - 4
Computers and servers	2 - 4
Furniture and office equipment	4 - 5
Leasehold improvement *	3 - 5
Vehicles	5
Tools and equipment Super Fawry	3

* The useful lives are determined based on lesser of the remaining rent contract or the useful life of the asset.

d. Internally generated intangible assets

Research expenditures which are incurred for the purpose of building or developing the programs or applications necessary for pursuing the company's activities or for the purpose of sale, is recognized as expenses once incurred.

Program licenses are recognized as internally generated intangible assets if all the following conditions are met:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
b) The company's intention to complete the intangible asset and use it or sell it.
c) The company's ability to use or sell the intangible asset.
d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
e) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
f) The company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The costs related to developing the programs mainly consist of wages and salaries paid to program developing experts at the subsidiary level (Fawry Integrated Systems) who are directly working on the development process.

e. Revenues recognition and measurement

Applications sales revenues

Revenue is measured at the fair value of the consideration received or receivable for the Group. Revenues recognized from the sold applications are recognized in the consolidated statement of profit or loss when the risks and rewards associated with the application are transferred to the buyer, and when there is a strong probability that the economic benefits and costs incurred or to be incurred in respect of the transaction can be measured reliably and when the Group does not retain any continuing managerial involvement right to the degree usually associated with ownership, and when the amount of revenue can be measured reliably.

Services

The revenue of rendered services is recognized as follows:

Transactions sales revenues

Revenues are recognized on accrual basis when the collection / settlement related to different streams of services is completed (balance recharge, bill payments, cash collections, etc.).

Subscription revenues

Subscription revenues are recognized in the consolidated statement of profit or loss on accrual basis.

Interest revenues

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable until maturity.

Investment revenues

Dividends income from investments is recognized when the shareholder's right to receive these dividends is issued.

f. Operational costs

Operational costs include cash collection costs paid to multiple payment channels through which payments were made, including (merchants, banks, Egyptian Post Office, and several other authorities) and this is in accordance with executed contracts with each party separately. Operational costs also include the cost of applications sold, and the consumables of materials.

Operational costs are charged by the transaction's share of direct depreciation and amortization in accordance to transaction share basis compared to the estimated normal capacity, and if the normal capacity is not reached, the differences are charged to depreciation and amortization as part of general and administrative expenses.

g. Inventory

The inventory is evaluated at the date of the consolidated financial statements at cost or net realizable value whichever is less. The cost is represented in the purchase invoices, however, the realizable value is represented in the estimated selling value less selling and distribution costs.

h. Taxation

Deferred tax assets and liabilities are recognized on temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their carrying amounts per the accounting principles used in the preparation of the consolidated financial statements. Income tax expense for the year is the sum of current income tax and deferred tax.

Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted as of the consolidated financial statements date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted at the consolidated financial statements date.

Deferred tax is recognized as an expense or benefit in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation of current tax expense for the year, then the related deferred tax is recognized in the statement of profit or loss.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

These assets and liabilities are not recognized if the temporary difference results from goodwill or from the initial recognition of other assets and liabilities (other than those arising from business combinations) due to a transaction that did not have any effect on the taxable or accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are accounted for using the financial position method and are reported in the consolidated financial position as non-current assets and liabilities.

i. **Legal reserve**

In accordance with law No. 159 for 1981 and the article of incorporation of the Group, at least 5% should be retained and transferred from the net profit of the previous year to the legal reserve until the reserve reaches 50% of the issued capital.

j. **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, cash at banks, treasury bills with maturities less than three months and short-term demand deposits that are readily convertible to known amounts of cash.

k. **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated financial position date. When the effect of the time value of money is material, the amount of a provision shall be the present value of expected expenditures, required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the statement of profit or loss.

l. **The consolidated cash flows statement**

The consolidated cash flows statement was prepared using the indirect method. For preparing the consolidated cash flows statement, cash and cash equivalents are comprised of cash on hand, current accounts, deposits at banks, and treasury bills with maturity less than 90 days.

m. **Short-term employee benefits**

Short term employee benefits represent wages and salaries and social insurance contributions and paid annual leaves and bonuses (if they are accrued within 12 months of the end of the period) and non-cash benefits such as medical insurance for current employees.

n. **Impairment of assets**

Impairment of non-financial assets

At each financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The company considers each investment, whether a jointly controlled entity, or associate, as a single cash generating unit.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised estimate does not exceed what the carrying amount would have been determined had the impairment loss not been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

Impairment of financial assets

Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after an impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses previously recognized in profit or loss for an investment in an AFS equity investment is not subsequently reversed through profit or loss. Any subsequent appreciation in the value of an AFS equity investment, for which an impairment loss had been previously recognized in profit or loss, is reversed directly through equity.

o. **Financial instruments**

Financial assets

Financial assets are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: investment in treasury bills, cash at banks, due from related parties, loans to related parties, and certain items within other debit balances. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets available for sale

Financial assets available for sale are initially recognized at cost and it includes the fees and commissions paid to agents, consultants, brokers, and traders, and taxes which are imposed by regulatory bodies and stock exchanges, and taxes and fees which are paid to transfer the title of the investment. The following investments are subsequently measured at fair value at the date of the financial statements and the profits or losses resulting from the changes in fair value are treated directly in equity till the de-recognition of the investment from the company's books, and then the consolidated profits or losses which have been previously recognized in equity are recognized immediately in the statement of profit or loss.

If there is objective evidence that the value of the financial assets available for sale is impaired at the date of the financial statements, the accumulated losses which have been previously recognized are reclassified from equity and are immediately recognized in the statement of profit or loss even if these investments have not been derecognized from the books.

Cost is used to measure financial investments in equity classified as financial assets available for sale in the case that these assets are not listed in the stock market and it has no price in an active market and its fair value cannot be determined reliably.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial derivatives

Derivatives (including separable embedded derivatives) are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement.

Embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "finance income" line item.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received or net value of the transferred assets, net of direct issue costs.

Financial liabilities

Financial liabilities are classified into the following specified categories: accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

p. Government Grants

The incentives granted by the Central Bank of Egypt "CBE" for the deployment of points of sale devices under the CBE's initiative are recognized and recorded in the consolidated statement of profit or loss for the year when the grant amounts are approved by the CBE, in light of the Egyptian Accounting Standard (12) Government Grants, this is the point when the company fulfils all of the procedures for the grant to be eligible and collectable pursuant to the initiative's conditions.

6. Fixed assets - Net

	Note No.	Land	Building	Networks and Servers	Point of sales machines	Computers	Furnitures and Office Equipment	Leasehold Improvements	Vehicles	Tools and Equipment Super Fawry	Fawry Branches	Total
			EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP		EGP
Cost												
As of January 1, 2019 (Restated)*	(46)	25 970 500	41 129 500	22 681 125	141 679 732	48 316 595	7 908 369	12 374 459	149 300	641 766	--	300 851 346
Additions during the year		--	--	34 769 344	64 105 933	3 452 843	1 326 431	357 929	--	--	3 286 435	107 298 915
Disposals		--	--	--	(6 041 373)	--	--	--	--	--	--	(6 041 373)
As of December 31, 2019		25 970 500	41 129 500	57 450 469	199 744 292	51 769 438	9 234 800	12 732 388	149 300	641 766	3 286 435	402 108 887
As of January 1, 2020		25 970 500	41 129 500	57 450 469	199 744 292	51 769 438	9 234 800	12 732 388	149 300	641 766	3 286 435	402 108 887
Additions during the year		--	--	1 426 991	115 301 026	5 286 852	2 511 115	143 131	--	--	1 474 916	126 144 031
Disposals		--	--	--	(46 787 006)	--	--	--	--	--	--	(46 787 006)
As of December 31, 2020		25 970 500	41 129 500	58 877 460	268 258 312	57 056 290	11 745 915	12 875 519	149 300	641 766	4 761 351	481 465 912
Accumulated depreciation												
As of January 1, 2019 (Restated)*	(46)	--	2,142,162	18 524 859	77 552 873	13 323 883	3 994 150	4 683 951	134 370	621 213	--	120 977 461
Depreciation for the year		--	1,028,238	15 157 939	29 306 337	3 269 403	1 410 496	2 206 882	14 928	20 526	54 576	52 469 325
Depreciation of disposals		--	--	--	(5 237 340)	--	--	--	--	--	--	(5 237 340)
As of December 31, 2019		--	3 170 400	33 682 798	101 621 871	16 593 286	5 404 646	6 890 833	149 298	641 739	54 576	168 209 446
As of January 1, 2020		--	3 170 400	33 682 798	101 621 871	16 593 286	5 404 646	6 890 833	149 298	641 739	54 576	168 209 446
Depreciation for the year		--	1 028 238	9 944 345	40 037 461	12 972 362	1 694 547	2 195 248	--	--	714 929	68 587 130
Depreciation of disposals		--	--	--	(5 110 304)	--	--	--	--	--	--	(5 110 304)
As of December 31, 2020		--	4 198 638	43 627 143	136 549 027	29 565 648	7 099 193	9 086 081	149 298	641 739	769 505	231 686 271
Net book value												
As of December 31, 2020		25 970 500	36 930 862	15 250 317	131 709 285	27 490 642	4 646 722	3 789 438	2	27	3 991 846	249 779 641
As of December 31, 2019		25 970 500	37 959 100	23 767 671	98 122 421	35 176 152	3 830 154	5 841 555	2	27	3 231 859	233 899 441

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 after the settlement of prepaid rent. balances on January 1, 2019 was restated according to lease standard No (49) (Note No. (46).

*Disposals include points of sale deployed under the central bank's initiative, Note (47).

7. Intangible assets – Net

	licenses	Programs	Total
Cost	EGP	EGP	EGP
As of January 1, 2019	**19 356 463**	**99 334 453**	**118 690 916**
Additions during the year	15 701 964	39 807 542	55 509 506
As of January 1, 2020	**35 058 427**	**139 141 995**	**174 200 422**
Additions during the year	3 974 224	59 835 613	63 809 837
As of December 31, 2020	**39 032 651**	**198 977 608**	**238 010 259**
Accumulated amortization			
As of January 1, 2019	**7 183 020**	**28 702 906**	**35 885 926**
Amortization for the year	3 418 885	9 514 386	12 933 271
As of January 1, 2020	**10 601 905**	**38 217 292**	**48 819 197**
Amortization for the year	4 275 033	15 529 866	19 804 899
As of December 31, 2020	**14 876 938**	**53 747 158**	**68 624 096**
Net Book value As of December 31, 2020	**24 155 713**	**145 230 450**	**169 386 163**
Net Book value As of December 31, 2019	**24 456 522**	**100 924 703**	**125 381 225**

Intangible assets represent the total expenditures paid to design and build the Fawry Technological Platform according to the latest technical specifications and according to the Payment Card Industry Data Security Standards (PCI DSS) compliance, which includes several applications and interrelated systems through which Fawry's network is integrated with its customers in all sectors, and merchants in several point of sale (POS), and mobile phones through android applications, and also banks. Not to mention the electronic gateways through which Fawry is integrated with several payment channels at banks (ATM, Internet Banking, Mobile Banking), and Fawry applications such as the EBPP Switch, the electronic payment gateways, the mobile wallets, and the mobile banking apps. Additionally, it includes the biller warehouse which manages bills and vouchers from initiation to payment, and the source of fund application which manages the merchants' balances, development of a_gateway application and a complete electronic trading system, and the development of Artificial Intelligence & Data Analytics systems. The expenditures represent consideration in return for adding new features and systems, and increasing the applications' capacity.

8. Projects under construction

	Opening Balance	Additions during the year	Transferred to fixed assets and intangible assets	Ending Balance
	EGP	EGP	EGP	EGP
Software and program licenses	2 672 930	5 723 627	(4 226 052)	4 170 505
Servers	5 419 609	11 044 467	(8 745 092)	7 718 984
	8 092 539	**16 768 094**	**(12 971 144)**	**11 889 489**

9. Investment in an associate

	No. of Shares	Ownership	December 31, 2020	December 31, 2019
		%	EGP	EGP
Fawry Plus for banking services	60 000 000	38%	--	--
Bosta Technology	14 390 955	16.92%	6 549 557	3 414 051
Tazcara for information technology and electronic booking	10 000	20%	--	--
			6 549 557	**3 414 051**

During the year the group recognized its share in the associates' losses in the consolidated statement of profit or loss by an amount of EGP 4 165 464.

The summarized financial information below represents amounts presented in the associates' financial statements prepared in accordance with EAS Standards.

EGP 000'	Total Assets	Total Equity	Total Revenue	Net (Loss)
Fawry Plus for banking services	63 175	(30 004)	68 041	(8 608)
Bosta Technology	20 761	56 891	47 207	(26 535)
Tazcara for information technology and electronic booking	876	249	850	(750)

10. Investment in Joint venture

	Owner ship	December 31, 2020	December 31, 2019
		EGP	EGP
Waffarha.com	30%	1 188 993	1 704 261
		1 188 993	**1 704 261**

The summarized financial information below represents amounts presented in the associates' financial statements prepared in accordance with EAS Standards.

EGP 000'	Total Assets	Total Equity	Total Revenue	Net Losses
Waffarha.com	2 265	(2 045)	25 028	(1 717)

11. Inventory

	December 31, 2020	December 31, 2019
	EGP	EGP
Goods in transit	4 791 125	--
Goods for sale	103 264	109 339
	4 894 389	**109 339**

12. Accounts and notes receivable

	December 31, 2020	December 31, 2019
	EGP	EGP
Accounts receivables- Billers and banks	52 346 196	29 087 469
Notes receivables	1 125 212	9 500
	53 471 408	**29 096 969**

13. Loans to customers (net)

	December 31, 2020	December 31, 2019
	EGP	EGP
Loans to customers – Short term	213 508 450	109 772 067
Less: Customers financing risk provision (Compulsory provision)	(8 600 876)	(2 252 637)
	204 907 574	**107 519 430**
Loans to customers – Long term	48 967 280	10 643 498
Less: Customers financing risk provision (Compulsory provision)	(2 636 972)	(933 733)
Loans to customers – Long term (net)	**46 330 308**	**9 709 765**
	251 237 882	**117 229 195**

Provision movement represented as follow:

	Balance as December 31, 2019 EGP	Formed provision During year EGP	Balance as December 31, 2020 EGP
Net Customers financing risk provision (Compulsory provision)	3 189 490	8 048 358	11 237 848
	3 189 490	**8 048 358**	**11 237 848**

14. Debtors and other debit balances

	December 31, 2020 EGP	December 31, 2019 EGP
Vendors- advance payments	2 616 921	366 059
Prepaid expenses	9 540 314	7 283 891
Deposits with others	566 200	512 700
Withholding tax	28 693 567	24 444 197
Other debit balances	18 725 222	9 556 726
Accrued Revenue	7 666 838	5 026 624
	67 809 063	**47 189 197**

15. Due from related parties

	Account type	December 31, 2020 EGP	December 31, 2019 EGP
Fawry Plus for Banking Services	Current account	4 781 474	2 026 750
Bosta Technology	Current account	--	7 300 970
Waffarha	Current account	220 211	303 576
Tazcara Information Technology and Electronic Booking	Current account	1 211 102	698 873
		6 212 787	**10 330 169**

16. Loans to related parties

- On December 10, 2018, a short-term loan contract was signed with Fawry Plus for Banking Services (associate) and was approved by the ordinary general assembly of the Fawry plus held on the same date, according to which the company was granted a total financing of EGP 14 615 412 with an annual interest at the announced loan rate on the Central Bank of Egypt for a one year starting from the date of the contract.
- - On December 10, 2018, the company signed a loan with Fawry Plus for Banking Services, the loan amounted to 9 275,000 Egyptian pounds with interest determined in light of the lending rate announced by the Central Bank of Egypt, in addition to 2.5%. This loan was granted during 2019.

- During the year 2019, another short-term loan was granted to Fawry Plus for Banking Services with interest determined in light of the lending rate announced by the Central Bank of Egypt, the loan balance as of 31 December 2020 amounted to EGP 14 Million.

17. Treasury bills

	December 31, 2020 EGP	December 31, 2019 EGP
Treasury bills- with maturities up to (91) days	--	174 352 895
Treasury bills- with maturities after (91) days	548 065 930	63 303 560
Add:		
Accrued interest -Less than three months	--	4 534 265
Accrued interest -More than three months	17 834 760	532 827
Less:		
Accrued tax on accrued interest -Less than three months	--	(907 057)
Accrued tax on accrued interest-More than three months	(3 566 852)	(106 565)
Balance	**562 333 838**	**241 709 925**
Nominal value	**603 500 000**	**249 100 000**

18. Cash and banks balances

	December 31, 2020 EGP	December 31, 2019 EGP
Cash	--	18 321 674
Current bank accounts – local currency	125 758 156	217 317 326
E-Acceptance transactions under settlement	18 674 737	19 905 922
Cash at companies and agents of money collections	376 239 906	146 963 287
Time deposit – local currencies	90 074 795	7 526 610
Time deposit – foreign currencies	7 957 107	26 125 628
Current bank accounts – foreign currencies	5 032 609	6 501 474
Cash and cash at banks	**623 737 310**	**442 661 921**

For cash flows purposes, Cash and cash equivalents are analyzed as follows:

	December 31, 2020 EGP	December 31, 2019 EGP
Cash and banks balances	623 737 310	442 661 921
Treasury bills – less than 3 months	--	177 980 103
	623 737 310	**620 642 024**

19. Capital

The company's authorized capital amounted to EGP 500 million, and the issued and paid-up capital amounted to EGP 353 652 060 million, divided among 35 365 206 shares of par value EGP 10 each.

On March 28, 2019 the extraordinary general assembly decided to divide the share into 20 shares, so that the nominal value of the share becomes 0.5 EGP after dividing the share, and the number of shares after division 707 304 120 shares. The commercial register was updated on June 10, 2019.

20. Legal reserve

	December 31, 2020 EGP	December 31, 2019 EGP
Beginning balance	32 465 079	28 993 362
Transferred from prior year net profit	5 334 233	3 471 717
	37 799 312	**32 465 079**

21. Combination reserve

	December 31, 2020 EGP	December 31, 2019 EGP
Combination reserve from selling a stake of the Company's investments in Fawry Dahab without losing control	5 841 596	5 841 596
	5 841 596	**5 841 596**

22. Compulsory Reserve –for EAS 47 application's risks

On December 27, 2020 Financial Regulatory Authority issued decision no. (200) for year 2020 to Oblige Small, medium and / or micro enterprise finance companies to create a reserve to face risks of EAS 47 application (financial instruments) Equivalent to 1% of total assets, and This is from the net profit of the year after tax for the year ended at December 31, 2020, to be included in shareholder's equity and not use without the approval of the authority.

23. Provisions

	Balance at December 31, 2019 EGP	Formed during the year EGP	Balance at December 31, 2020 EGP
Provision for claims	18 762 142	2 040 000	20 802 142
	18 762 142	**2 040 000**	**20 802 142**

24. Banks Credit Facilities

- On April 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 80 million EGP 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 79 983 552 Egyptian pounds on December 31, 2020 (December 31, 2019 : Nil).

- 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 94 million Egyptian pounds on December 31, 2020 (December 31, 2019: Nil).

- On August 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 50 million EGP at the prevailing market rates, and the balance on December 31, 2020 reached 49 million Egyptian pounds (December 31, 2019: Nil)

25. Accounts and notes payable

	December 31, 2020	December 31, 2019
	EGP	EGP
Accounts payable	27 522 865	16 949 634
Notes Payables	1 728 781	--
	29 251 646	**16 949 634**

26. Accounts payable – Billers

	December 31, 2020	December 31, 2019
	EGP	EGP
Billers payable	630 187 367	322 148 856
Billers' Notes payable	140 066 051	115 219 195
	770 253 418	**437 368 051**

27. Creditors and other credit balances

	December 31, 2020	December 31, 2019
	EGP	EGP
Accrued expenses	28 940 695	24 415 820
Accrued commissions	33 806 311	23 635 261
Unearned revenue	2 776 749	2 662 009
Health insurance contribution	4 065 636	2 656 674
Tax Authority	49 382 164	40 968 718
Social Insurance Authority	5 575 208	133 047
Under settlement Transactions	7 955 177	6 653 138
Other credit balances	4 542 932	5 372 615
	137 044 872	**106 497 282**

28. Contingent liabilities

The occasional liabilities are represented in the uncovered part of the letters of guarantee issued for the benefit of some parties and entities as follows:

	December 31, 2020	December 31, 2019
	EGP	EGP
Letters of guarantee – local currency	826 744 625	485 604 625
	826 744 625	**485 604 625**

- Credit facilities to issue letters of guarantee reached EGPM 911.5 as of December 31, 2020, where the utilized amounts from the said facilities reached EGPM 826.

29. Operating revenues

	December 31, 2020	December 31, 2019
	EGP	EGP
Transactions services revenues- collection fees	1 147 392 575	850 655 353
Other revenues	14 606 042	14 194 195
Interest revenue Micro finance	72 564 304	19 288 705
	1 234 562 921	**884 138 253**

The total throughput from Electronic Top Up and bill payment transactions for the billers through the Group's various payments channels (i.e. the Group points of sales, banks' ATM machines, mobile devices, outlets of Egypt Post Offices and E-banking), is as follows:

	December 31, 2020	December 31, 2019
	EGP	EGP
Total throughput	81 037 393 309	53 400 160 497
	81 037 393 309	**53 400 160 497**

30. Operating costs

	December 31, 2020	December 31, 2019
	EGP	EGP
Merchants' fees	432 832 137	324 411 305
Banks fees	16 348 731	14 993 818
Depreciation and amortization	30 461 296	18 745 691
Cash collection cost	79 276 210	61 987 077
Others	7 748 096	5 143 058
	566 666 470	**425 280 948**

31. General and administrative expenses

	December 31, 2020	December 31, 2019
	EGP	EGP
Salaries and Wages	102 824 503	64 025 023
Outsourcing, technical support and services	38 490 160	34 993 041
Rent Expense	2 428 472	1 801 377
Depreciation and amortization	57 931 213	46 656 904
Insurance expenses	10 256 335	8 067 308
Premises expenses	5 192 463	9 693 315
Training and Human resource expenses	2 776 314	1 601 889
Professional fees	4 828 854	5 916 407
Other expenses	11 489 521	10 519 228
	236 217 835	**183 274 492**

32. Selling and marketing expenses

	December 31, 2020	December 31, 2019
	EGP	EGP
Salaries and Wages	105 489 874	72 459 430
Selling and marketing commissions	55 412 995	28 423 140
Promotion and advertising expenses	29 532 933	22 328 018
	190 435 802	**123 210 588**

33. Credit Interest

	December 31, 2020	December 31, 2019
	EGP	EGP
Credit interest - current accounts	5 144 700	24 005 709
Credit interest – treasury bills	57 135 264	26 324 567
Credit interest – time deposits	987 902	1 706 101
Credit interest – loans to related party	3 837 905	3 441 306
	67 105 771	**55 477 683**

34. Finance costs

	December 31, 2020	December 31, 2019
	EGP	EGP
Debit interest	7 681 429	7 778 678
Letter of guarantees - Bank charges	8 076 905	5 586 391
	15 758 334	**13 365 069**

35. Significant related parties' transactions

The outstanding balances of Due to and from related parties have been disclosed in Note No. (13) and (23) which also include the nature of the relationship with each related party as well as the nature of the account. Transactions that took place during the financial year on current accounts represent expenses paid on behalf of the company or what the company paid for on behalf of the related parties in addition to the transfer of balances between the related parties (if any). The transactions recorded in the current accounts - which are essentially transfers to and from the company - are of short-term nature

The following are significant related parties' transactions:

	Nature of the Transaction	For the Year Ended December 31, 2020 EGP	For the Year Ended December 31, 2019 EGP
Fawry Plus For Banking Services	Revenue collection on behalf of related party	(49 735 677)	(29 164 052)
	Credit interest revenue	3 837 905	3 531 255
	Expenses on behalf of the company	(2 006 400)	(2 365 920)
	Loan to associate	10 000 000	27 816 579

36. Group's share of (Losses)/profits of investment in associates and joint venture entities

	December 31, 2020 EGP	December 31, 2019 EGP
Fawry Plus For Banking Services	--	(8 280 330)
Waffarha.com	(515 268)	(554 409)
Bosta Technology	(4 165 464)	(1 708 209)
Tazcara Information technology and electronic booking	--	(49 807)
	(4 680 732)	**(10 592 755)**

37. Deferred tax

For the following represent deferred tax assets (liabilities) calculated according to income tax law:

	Beginning balance	Charged to Consolidated profit or loss	Ending balance
Deferred tax Assets			
Temporary differences Intercompany transactions	2 828 936	--	2 828 936
Deferred tax liabilities			
Difference in Fixed assets depreciation and intangible assets amortization	(2 424 499)	(1 093 199)	(3 517 698)
Effect of the initial application of EAS 49 (note 44)	(4 085 192)	--	(4 085 192)
Other temporary differences	(277 811)	(677 974)	(955 785)
Deferred tax Assets	**3 958 566**	**(1 771 173)**	**(5 729 739)**

38. Operating costs and expenses according to nature

	December 31, 2020	December 31, 2019
	EGP	EGP
Merchant's and bank commissions	469 286 899	375 841 023
Selling and marketing commissions	71 589 419	37 823 160
Depreciation and amortization	88 392 029	65 933 958
Cost of cash collections	44 160 880	32 578 614
Micro finance contract expenses	797 900	367 360
Salaries and wages	178 772 522	114 510 115
Outsourcing, technical support and services	36 950 014	34 993 041
Rent expenses	3 352 552	1 801 376
Selling and marketing expenses	29 532 933	22 328 018
Bank charges	1 403 391	5 551 493
Debit interest	14 357 331	7 783 157
Insurance expenses	10 256 335	8 207 559
Premises expenses	5 192 463	7 005 459
Training and Human resource expenses	2 776 314	1 601 889
Travel and transportation	37 934 293	15 339 199
Professional fees	4 828 854	9 779 695
Others	9 494 313	3 626 981
	1 009 078 441	**745 072 097**
Operating costs	566 666 470	425 280 948
General and administrative expenses	236 217 835	183 274 492
Selling and marketing expenses	190 435 802	123 151 588
Finance expenses	15 758 334	13 365 069
	1 009 078 441	**745 072 097**

39. Segment information

The group has two major sectors representing the important sectors of the group, offering different and services that managed in a separate way because they require different skills and have different types of clients. The managers of each department review internal management reports in a periodic manner.

The accounting policies of the reportable sectors are the same as the group's accounting policies on December 31, 2020, and the profits of each sector represented in the profits it makes, which reviewed regularly without any distribution of income tax expense.

A. Segment profit or loss statement

EGP	Revenue		Segment Profit/(Loss)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Banking technology and E-payment sector	1 161 998 617	864 849 548	287 244 157	176 472 462
Micro-Finance sector	72 564 304	19 288 705	5 967 472	(5 514 529)
Total	**1 234 562 921**	**884 138 253**	**293 211 629**	**170 957 933**
Net profit before tax			**293 211 629**	**170 957 933**
Tax			69 647 138	40 569 294
Net profit after tax			**223 564 491**	**130 388 639**

B. Segment Assets

EGP	December 31, 2020	December 31, 2019
Banking technology and E-payment	2 473 963 576	1 476 457 255
Micro-Finance	261 253 902	129 302 893
Assets before disposals	**2 735 217 478**	**1605 760 148**
Elimination of internal transactions between segments	(303 697 156)	(114 759 010)
Assets after disposals	**2 431 520 322**	**1491 001 138**
Total Assets	**2 431 520 322**	**1491 001 138**

40. Earnings per share

Earnings per share is calculated by divide available net profit for parent company shareholders by weighted average number of shares for the year

	December 31, 2020 EGP	December 31, 2019 EGP Amended**
Net profit of the year for the parent company shareholders	186 234 037	102 903 064
Less:		
Employees dividends*	(17 452 840)	(10 289 278)
BOD Incentives	(4 987 774)	(3 000 000)
Net Profit after distribution	**163 793 423**	**89 613 786**
Weighted average for no. of shares during the year	707 304 120	707 304 120
	0.23	**0.13**

* For the purposes of calculating the earnings per share of the fiscal year ending on December 31, 2020, the proposed employees' dividends proposed by the board of directors has been deducted, the proposed dividend will be presented to the Company's general assembly for approval.

** Earnings per share for the comparative year has been adjusted for the amount of employee dividends declared in the current year related to last year.

41. Legal Position

During the third quarter of 2019, a company filed a lawsuit against Fawry Banking and Payment Technology Services "the Company" claiming an amount of EGP 30 million under a contract covering the period from year 2015 to 30 June 2019 in addition to the legal accrued interest on the said amount. No transactions took place under the aforementioned contract, the company and the company's external legal advisor opinion regarding the outcome of this case that it will be in favor of the Company without any financial liabilities on the company in relation to this case.

42. Tax position

The company's profits are subject to tax on the profits of legal persons in accordance with the provisions of the Income Tax Law No. 91 of 2005, its implementing regulations, and its amendments

a. Corporate tax

The company submits the tax return prepared in accordance with the provisions of Law 91 of 2005 on legal dates.

The period from 2009 until 2012

- The Company was inspected and any difference settled.

The period from 2013 until 31 December 2014

The company has been notified of a request for an estimated evaluation of the aforementioned years, and it has been appealed against at the legal dates, and the company's books are being examined on an actual basis.

The period from 2015 until 31 December 2017

The company has been notified of a request for an estimated evaluation of the aforementioned years, and it has been appealed against at the legal dates, and the company's books are being examined on an actual basis.

The period from 2018 until 31 December 2019

The books and records of the company have not yet been examined by the tax authority for the aforementioned years, and the company has not received any tax claims or notifications of requesting examination of those years.

b. Salaries tax

The period from inception until December 31, 2016

- The Company was inspected and any difference settled.

The year 2017 until December 31, 2019

- The company's records have not been tax inspected for the mentioned period yet.

c. Stamp duty tax

The period from inception until December 31, 2014

- The company's records has been tax inspected from the date of incorporation till 2014.

The period from 2015 until December 31, 2019

- The company's records have not been tax inspected yet.

d. **Sales tax / VAT tax**

The period from inception until December 31, 2014

- The company's records has been tax inspected from the date of incorporation till 2014.

The period from 2015 until December 31, 2017

- Under examination and the company has not received any claims regarding the results of this examination.

The period from 2018 until December 31, 2019

- The company's records have not been tax inspected yet.

e. **Withholding tax**

- The company's records have not been tax inspected yet.

43. Financial instruments

Categories of financial instruments

	December 31, 2020 EGP	December 31, 2019 EGP
Financial assets		
Cash and cash equivalents	623 549 120	442 661 921
Loans and receivables	754 944 717	424 318 672
Available for sale investments	562 333 838	241 709 924
Financial liabilities		
Liabilities at amortized cost	1 522 705 530	797 387 122

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

a. **Capital risk management**

The Group manages its capital to ensure that it will be able to continue as going concern, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders.

The capital structure of the Group consists of the capital paid by shareholders plus retained earnings. The Group reviews the capital structure of the Group regularly. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Financial risks factors

The Group monitors and manages financial risks relating to its operations through analyzing the degree and magnitude of risk exposure. These risks include credit risk and liquidity risk. The Group's overall risk management program focuses on managing the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations on due dates resulting in financial loss to the Group. This risk is insignificant as the Group applies polices to guarantee dealing with clients of high credit worthiness and good reputation, and performs a continuous monitoring of debtors in order to minimize credit risk to the minimal rate. The Group's management collects cash in advance from the merchants, who represent the major portion of the transactions volume. Also, the bank current accounts are held at banks with high credit ratings.

The Group reviews this risk, and submits reports regularly to the senior management.

The maximum credit risk is analyzed as follows:

	December 31, 2020	December 31, 2019
	EGP	EGP
Cash and cash equivalents	623 737 310	442 661 924
Treasury bills	562 333 838	241 709 924
Accounts and notes receivable	53 471 408	29 096 969
Loans to customers (Net)	204 907 574	107 519 430
Due from related parties	7 289 398	10 330 169
Loan to related parties	37 602 912	27 816 579
Debtors and other debit balances	36 646 763	15 461 111
Advances to billers	385 426 890	202 366 328
Total	**1 911 416 093**	**1 076 962 434**

Liquidity risk

The ultimate responsibility for liquidity risk rests with the Group's management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's management continuously monitors the forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

Analysis of contractual maturity for financial liabilities:

31 December 2020	**Less than one year**	**Total**
	EGP	EGP
Non-interest bearing	1 405 902 817	1 405 902 817
Bearing interest	222 983 552	222 983 552
	1 628 886 369	**1 628 886 369**

31 December 2019	**Less than one year**	**Total**
	EGP	EGP
Non-interest bearing	860 117 919	860 117 919
	860 117 919	**860 117 919**

Foreign currency risk

Foreign currency risk is represented in foreign currency fluctuations in exchange rates affecting the Company's cash inflow and outflow in foreign currencies and also the exchange differences arising from translation of monetary assets and liabilities in foreign currencies. The Group's management monitors foreign currency balances and prevailing exchange rates, and continuously minimizes deficit in foreign currency position, if any. Except for bank accounts in foreign currencies, most of the company's assets and liabilities are denominated in Egyptian pound, which minimize exposure to foreign currency risk.

Interest rate risk:

Interest rate risk represents fluctuations in interest rate which may have a negative impact on the results of operations and cash flows, management continuously monitors the changes in interest rates in the market. Interest rate risk is considered insignificant since all the company does not has facility at variable interest rate.

44. Significant Events during the year

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

On March 19, 2020, international air traffic was suspended, and on March 25, 2020. The Egyptian government imposed a curfew for a period of two weeks and renewed it for another two weeks, which negatively affected the Egyptian economy in general.

On April 8, 2020 - The Egyptian government officially announced that it would prohibit the movement of citizens, in all parts of the republic, on all roads from eight o'clock in the evening until six o'clock in the morning; An exception is made from the application of the provision of the first article of this decision, which is related to curfews, the service of operators of the international information network and communication networks, electronic applications and ATM cards, and all services for food, beverages and merchandise delivery to customers, whether the request is through electronic or other applications, and workers in any of these activities are excluded, while adhering to all applicable health precautions.

On June 23, 2020 the Egyptian government officially announced the abolition of the curfew with the imposition of precautionary measures and the reopening of restaurants and cafes as of Saturday, 27 June 2020 with maximum allowed capacity of 25%, the closure of shops and malls from nine in the evening instead of the sixth and the closure of restaurants and cafes at ten in the evening and the continued closure of gardens, parks and beaches, the continuation of the public transportation working hours until the midnight and the reopening of theaters and cinemas with a maximum allowed capacity of 25%.

The company has conducted a study with a view to assess the potential risks related to the company's ability to provide electronic payment services through the multiple payment channels that the company provides, human resources, in order to ensure the company's activities continue without interruption. This assessment also covered its micro finance business conducted through its subsidiary. Management concluded that there is no material negative impact 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.

During the fiscal year, the Company's subsidiary also provided payment holidays to some borrowers represented in postponing the payment of instalments of outstanding debts in light of the Financial Regulatory Authority's initiatives. These procedures related to postponing the payment did not have a material impact on the statements at the end of this year or in the subsequent period.

The continuous and accelerating changes associated with that pandemic still impose a state of uncertainty and the inability to accurately predict due to the continuing economic repercussions of the Coronavirus crisis.

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

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

- The company's management concluded that it is not expected that a material negative impact will occur on its business and activities. The administration is closely following up on the situation and continuously evaluating its impact on the company's activities in anticipation of any developments that may affect negatively by this pandemic, that enabling the company to adjust the necessary plans to face the potential negative effects, if any.
- On May 31, 2020, the Ordinary General Assembly decided to distribute an amount of 9.6 million Egyptian pounds to employees and distribute profits of 100 million Egyptian pounds to shareholders in the form of bonus shares.

The Board of directors of Fawry for Banking technology and Electronic Payments S.A.E that was Held on November 3, 2020 and Decided the Following:

- Increasing the company's authorized capital from 500 million Egyptian pounds to one billion Egyptian pounds.
- Increase the company's issued capital with free shares financed from retained earnings for the benefit of old shareholders from the amount of 353 652 060 Egyptian pounds (three hundred and fifty three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed over 707 304 120 shares (seven hundred and seven million three hundred and four thousand and one hundred Twenty shares) to an amount of 453 652 652 060 Egyptian pounds (four hundred fifty-three million six hundred fifty-two thousand sixty Egyptian pounds) distributed into 907 304 120 shares (nine hundred seven million three hundred and four thousand one hundred twenty shares), an increase of 100,000,000 Egyptian pounds (One hundred million Egyptian pounds) divided into 200,000,000 shares (two hundred million shares) at a rate of 0.28276 free shares for each original share and the value of each share is 0.5 pounds, which represents the Nominal value of the share
- Increasing the issued capital by a cash increase to be paid in cash for the benefit of old shareholders from 453 652 060 Egyptian pounds (four hundred fifty-three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed over 907 304 120 shares (nine hundred and seven million three hundred and four thousand one hundred and twenty shares) To 853 652 060 Egyptian pounds (eight hundred fifty-three million six hundred and fifty-two thousand sixty Egyptian pounds) distributed into 1 707 304 120 shares (one billion seven hundred seven million three hundred and four thousand one hundred twenty shares), an increase of 400 000 000 Egyptian pounds (four hundred One million Egyptian pounds) divided into 800,000,000 shares (eight hundred million shares), the value of each share is 0.5 pounds, which represents the face value of the share and the proposal to trade in priority rights in the subscription separately from the original share, provided that the value of the increase in the company's issued capital is paid in cash each According to the percentage of his contribution to the company's capital

  Provided that the cash increase procedures are not started until after the free shares related increase procedures are completed.
- On December 29, 2020, the General Assembly approved the financing contract awarded to Fawry for Microfinance from the Egyptian-American Enterprise Fund, within an amount of EGP 160 million
- On November 12, 2020, the Monetary Policy Committee of the Central Bank decided to reduce the interest rate on deposits and loans for overnight and the rate of the main operation of the central bank by 50 points to 8.25%, 9.25% and 8.75%, respectively, and the credit and discount rate was reduced by 50 points to become 8.75%. This is without any negative impact on the profitability and activities of the microfinance sector.

45. Subsequent events

- On February 23, 2021, the company's board of directors decided to delegate 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 full shares in Fawry Plus for banking services.
- On January 28, 2021, the Board of Directors of the company decided to approve the subscription in the entire capital increase of Fawry Plus for Banking Services - an Egyptian joint stock company with a maximum of 35 million Egyptian pounds and delegating the CEO and managing director of the company to take all necessary procedures for this.
- On February 23, 2021, the company's general assembly approved to implement a reward and incentive system for employees, managers and executive board members of the company through the promise to allocate shares and / or grant free shares and authorize the Chairman of the Board of Directors and / or the CEO and the managing director of the company to take all necessary Procedures for this. .
- On March 23, 2021, a medium-term loan contract was signed for an 18-month period with a local bank at an amount of 150 million Egyptian pounds at a market rate of return to be used to finance the current activity of the company for the purpose of financing the company's clients in the form of micro-loans in accordance with the regulations of the General Authority. For financial control.

46. 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 impact of this on the previously issued financial statements on the opening balances on January 1, 2019:

EGP	Before Adjustment January 1, 2019	After adjustment January 1, 2019	Adjustment effect
Statement of financial position			
Fixed assets (Net)	114 916 044	179 873 883	64 957 839
Prepaid rent expense - Finance lease.	21 014 396	--	(21 014 396)
Retained earnings	46 678 447	61 142 292	(14 463 842)
Finance lease liabilities	--	(25 395 406)	(25 394 406)
Deferred tax liabilities	--	(4 085 192)	(4 085 192)

47. Incentives related to the Central Bank of Egypt's initiative

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

The total incentive included in the profit or loss that the company obtained in exchange for deploying and installing points of sale under that initiative was an amount of 54 989 492 EGP, while the cost of purchasing the POS equipment amounted to 35 357 360 EGP which were derecognized from fixed assets (note 6).

Chairman	Chief Executive Officer	Chief Financial Officer
Saifullah Coutry	Ashraf Kamel Mousa Sabry	AbdelMaguid Mohamed Afifi

فوري
لتكنولوجيا البنوك والمدفوعات الإلكترونية
ب.ض: ١٦٨١٢ س.ت: ١٣٣٢ ق.ى.م ٢٨٦٧٢٣٢٠