

**Fawry for Banking Technology and Electronic
Payments (S.A.E.)
Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2021
Together with Limited Review Report**

*Translation of Review
Report Originally Issued in Arabic*

Limited review report on the condensed consolidated interim financial statements

To: The Board of Directors of Fawry for Banking Technology and Electronic Payments "S.A.E."

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed consolidated interim statement of financial position as of September 30, 2021 and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months' period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

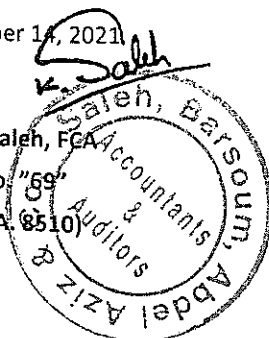
We conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". Review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly in all material respects the consolidated financial position of the entity as at September 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the nine months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo – November 14, 2021

Kamel Magdy Saleh, FCA
FRA Register No. "59"
F.E.S.A.A. (R.A.A. 8510)



Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of financial position
As of September 30, 2021

	Note No.	September 30, 2021	December 31, 2020
		EGP	EGP
Assets			
Non-current assets			
Fixed assets (net)	(4)	492 065 235	249 779 641
Goodwill	(7)	54 414 835	--
Intangible assets (net)	(5)	228 273 978	169 386 153
Projects under construction	(6)	7 538 366	11 889 489
Micro finance loans (net)	(12)	84 779 075	46 330 308
Investments in associates	(8)	2 459 309	6 549 557
Investments in joint ventures	(9)	1 076 959	1 188 993
Investments available for sale	(17)	47 171 976	--
Total non-current assets		917 779 833	485 124 151
Current assets			
Inventories	(11)	1 286 594	4 894 389
Accounts and notes receivable	(10)	71 875 584	53 471 408
Micro finance loans (net)	(12)	270 180 558	204 907 574
Advances to billers		335 938 083	385 426 890
Debtors and other debit balances	(13)	70 591 106	67 809 063
Due from related parties	(14)	4 654 481	6 212 787
Loans to related parties		--	37 602 912
Treasury Bills	(15)	1 144 320 489	562 333 838
Cash and cash at banks	(16)	982 124 924	623 737 310
Total current assets		2 880 971 819	1 946 396 171
Total assets		3 798 751 652	2 431 520 322
Equity and Liabilities			
Equity			
Issued and paid-up capital	(18)	853 652 060	353 652 060
Legal reserve		47 129 042	37 799 312
Reserve for employee stock ownership plan (ESOP)	(42)	37 414 270	--
Retained amount from retained earnings for capital increase	(18)	--	100 000 000
Combination reserve		11 745 574	5 841 596
Compulsory reserve for EAS 47 Application Risk		2 612 539	2 612 539
Retained earnings		389 461 437	268 270 884
Total equity for the owners of the Parent Company		1 342 014 922	768 176 391
Non controlling interest		55 902 255	28 727 823
Total equity		1 397 917 177	796 904 214
Non-Current liabilities			
Deferred Tax Liability	(19)	6 623 092	5 729 739
Long term loans	(41)	168 225 000	--
Lease Liabilities		71 212 110	--
Total non current liabilities		246 060 202	5 729 739
Current liabilities			
Provision	(20)	23 452 229	20 802 142
Banks facilities - overdraft	(21)	198 758 160	222 983 552
Accounts and notes payable	(22)	24 539 242	29 251 646
Accounts and notes payable- billers	(23)	1 108 565 932	770 253 418
Merchants advances		509 999 986	353 441 286
Retailer's POS security deposits		56 840 077	38 982 402
Creditors and other credit balances	(24)	172 339 739	137 044 872
Lease Liabilities		19 695 737	--
Current income tax		40 583 171	56 127 050
Total current liabilities		2 154 774 273	1 628 886 368
Total equity and liabilities		3 798 751 652	2 431 520 322

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


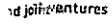

 Chief Financial Officer
Abdel Meguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Country

Auditor's limited review report attached.

Fawry for Banking Technology and Electronic Payments S.A.S.
Condensed consolidated interim statement of Profit or Loss
For the Nine-months period ended September 30, 2021

	Note No.	Nine-months period ended		Three-months period ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		EGP	EGP	EGP	EGP
Operating revenues	(26)	1 190 833 581	892 720 826	480 273 248	243 459 497
Less:					
Operating costs	(27)	(517 822 679)	(404 302 531)	(274 442 514)	(152 252 488)
Gross margin		673 010 902	487 818 295	205 830 734	91 207 009
Add (Less):					
General and administrative expenses	(28)	(264 678 067)	(173 601 387)	(208 458 577)	(89 602 137)
ESOP expenses	(42)	(37 414 270)	-	(24 252 666)	-
Board of Directors allowances		(2 442 067)	(872 300)	(2 025 000)	(457 500)
Selling and marketing expenses	(29)	(204 155 069)	(147 638 935)	(27 987 495)	(81 328 297)
Social contribution for Health and insurance		(4 017 925)	(2 921 290)	(2 540 181)	(1 168 885)
Provisions formed	(20)	(2 650 087)	(1 520 000)	(900 000)	(510 000)
Net impairment loss on customers' loans	(12)	(10 373 621)	(4 888 158)	(3 554 717)	(2 278 917)
Net gain from incentives of spreading pos 	(40)	21 725 295	-	-	-
Credit interest	(30)	90 927 072	47 058 358	38 163 068	13 599 176
Finance costs		(28 658 089)	(11 269 569)	(11 812 983)	(4 412 663)
Foreign currency exchange gain		212 862	114 470	118 897	(174 921)
Gain on sale of fixed assets		4 028 125	616 638	883 206	53 496
Other revenues		978 062	1 978 315	376 115	598 724
Operating profit		236 493 123	194 842 129	75 080 891	88 346 464
Group's share of losses in investment in assoc 	(32)	(4 562 282)	(3 550 469)	(1 843 616)	(1 284 946)
The change from investment in associate to 		22 800 000	-	-	-
Other expenses		(3 632 593)	-	(1 032 593)	-
Profit for the period before tax		251 098 248	191 291 664	72 204 682	79 061 518
Current income tax		(56 466 060)	(45 714 242)	(24 931 082)	(20 574 310)
Deferred tax		(893 354)	(379 408)	9 314 963	738 715
Net profit for the period after tax		193 738 834	145 198 023	56 588 563	59 223 923
Distributed as follows:					
Net profit for the shareholders of the parent Com		149 390 219	119 208 905	36 089 447	48 745 289
Net profit for the non-controlling interest		44 348 615	25 989 118	20 499 116	10 477 634
Net profit for the period after tax		193 738 834	145 198 023	56 588 563	59 223 923
Earnings per share (EGP/share)	(34)	0.124	0.131	0.030	0.054
Earnings per share (EGP/share)	(34)	0.123	0.131	0.030	0.054

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

Chief Financial Officer
Abdel Meguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Salfullah Coutry

Fawry for Banking Technology and Electronic Payments S.A.S.
Condensed consolidated interim statement of comprehensive income
For the Nine-months period ended September 30, 2021

	<u>Nine-months period ended</u>		<u>Three months ended</u>	
	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	193 738 834	145 198 023	56 588 563	59 223 923
Other comprehensive income
Total other comprehensive income
Total comprehensive income for the period	193 738 834	145 198 023	56 588 563	59 223 923
Distributed as follows:				
Comprehensive income for the parent Company	149 390 219	119 208 935	36 089 447	48 746 289
Comprehensive income for the non controlling interest	44 348 615	25 989 118	20 499 116	10 477 634
Total comprehensive income for the period	193 738 834	145 198 023	56 588 563	59 223 923

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

Fawy for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of changes in equity
For the nine-months period ended September 30, 2021

Note No.	Issued and paid up capital	Legal reserve	Reserve for employee stock ownership plan (ESOP)	Retained amount from retained earnings for capital increase	Combination reserve	Compulsory reserve for EAS 47 Application Risk	Retained earnings		Total equity of the parent		Non-controlling interest		Total
							EGP	EGP	EGP	EGP	EGP	EGP	
	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							119 208 905	119 208 905	25 989 110	145 198 023			
Comprehensive income items													
Net profit for the period	--	--	--	--	--	--	119 208 905	119 208 905	25 989 110	145 198 023			
The Company's shareholders transactions													
Transferred to retained earnings and legal reserve	--	5 334 233	--	--	--	--	(5 334 233)	--	--	--	--	--	--
Dividend distribution	--	--	--	--	--	--	(11 600 527)	(11 600 527)	--	(11 600 527)	--	--	(11 600 527)
Non-controlling interest share from dividends distributed in subsidiaries	--	--	--	--	--	--	--	--	--	(43 133 450)	--	--	(43 133 450)
Total company's shareholders transactions	--	5 334 233	--	--	--	--	(16 934 760)	(16 934 760)	--	(16 934 760)	--	--	(16 934 760)
Balance as of September 30, 2020	353 652 060	37 799 312	--	--	5 841 596	--	303 591 644	700 804 612	16 504 079	717 308 691			
Balance as of January 1, 2021	353 652 060	37 799 312	--	100 000 000	5 841 596	2 612 539	268 270 884	768 176 391	28 727 823	796 904 214			
Comprehensive income items													
Net profit for the period	--	--	--	--	--	--	149 390 219	149 390 219	44 348 615	193 738 834			
Total comprehensive income	--	--	--	--	--	--	149 390 219	149 390 219	44 348 615	193 738 834			
The company's shareholders transactions													
Transferred to legal reserve	--	9 329 730	--	--	--	--	(9 329 730)	--	--	--	--	--	--
Reserve for employee stock ownership plan (ESOP)	(42)	--	37 414 270	--	--	--	--	37 414 270	--	37 414 270	--	--	37 414 270
Capital increase from retained earnings	--	100 000 000	--	(100 000 000)	--	--	--	--	--	--	--	--	--
Capital cash increase	--	400 000 000	--	--	--	--	--	400 000 000	--	400 000 000	--	--	400 000 000
Additions on combination reserve	--	--	--	--	5 903 978	--	--	5 903 978	776 022	6 680 000	--	--	6 680 000
Dividend distribution	--	--	--	--	--	--	(18 869 936)	(18 869 936)	--	(18 869 936)	--	--	(18 869 936)
Non-controlling interest's share from dividends distributed in one of subsidar subsidiaries	--	--	--	--	--	--	--	--	(19 586 048)	(19 586 048)	--	--	(19 586 048)
Total Company's shareholders transactions	500 000 000	9 329 730	37 414 270	(100 000 000)	5 903 978	--	(28 199 666)	424 448 312	1 635 843	407 274 129			407 274 129
Balance as of September 30, 2021	853 652 060	47 129 042	37 414 270	11 745 574	11 745 574	2 612 539	389 461 440	1 342 014 922	55 902 255	1 397 917 180			1 397 917 180

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

**Fawry for Banking Technology and Electronic Payments S.A.E.
Condensed consolidated interim statement of cash flows
For the Nine-months period ended September 30, 2021**

	Note No	Nine-months period ended	
		September 30, 2021	September 30, 2020
		EGP	EGP
Cash flows from operating activities:			
Net profit for the period before tax		251 098 248	191 291 664
Adjusted by:			
Depreciation and amortization for the period	(31)	104 906 135	65 000 316
Provisions formed	(20)	2 650 087	1 530 000
Net impairment loss on customers' loans	(12)	10 373 621	4 898 158
ESOP expense		37 414 270	--
Credit interest		(90 927 072)	(47 058 358)
Net gain from incentives of spreading pos points of CBE initiative		(21 725 295)	--
Share of investments in associate and joint venture's losses	(32)	4 562 282	3 550 465
The change from investment in associate to investment in subsidiaries	(35)	(22 800 000)	--
Unrealized foreign currency exchange difference		(212 862)	(114 470)
Gain on sale of fixed assets		(4 028 125)	(616 638)
Finance expenses		28 658 089	11 291 569
Operating profit before changes in working capital		299 969 378	229 772 706
Changes in Working capital			
Decrease/(Increase) in inventories		3 607 795	(34 627 119)
Decrease in advances to service providers		49 488 807	3 544 296
Decrease/(Increase) in debtors and other debit balances		29 904 938	(8 075 313)
(Increase) in accounts and notes receivable		(12 718 175)	(33 885 997)
(Increase) in micro finance loans (net)		(114 095 372)	(91 769 584)
Decrease/(Increase) in due from related parties		7 817 113	(6 483 607)
(Decrease)/Increase in accounts and notes payable		(4 712 404)	3 943 861
Increase in accounts payable- billers		334 462 430	325 897 858
Increase in merchants advances		140 181 517	63 103 401
Increase in retailer's POS security deposits		17 857 675	5 407 309
(Decrease)/Increase in creditors and other credit balances		(15 363 462)	18 873 673
		736 430 240	475 701 684
Income tax paid		(30 910 068)	(18 436 935)
Proceeds from credit interest		90 927 072	47 058 358
Net cash generated from operating activities		796 447 244	503 323 107
Cash flows from investing activities			
(Payments) for fixed assets acquisition		(264 070 441)	(70 513 596)
(Payments) for projects under construction		(1 368 161)	(4 432 811)
(Payments) to acquire intangible assets		(79 280 937)	(46 711 352)
Proceeds from sale of fixed assets		11 078 208	1 623 637
Proceeds from incentives of spreading pos points of CBE initiative		68 206 579	--
(Payments) for investments at fair value through OCI statement		(47 171 976)	--
Proceeds from sale of subsidiaries shares		6 674 157	--
Net movement of cash from acquisition of subsidiaries	(35)	(6 138 341)	--
(Payments) of loans to related parties		--	(10 000 000)
Net movement of treasury bills - more than three months		(572 221 798)	(217 163 590)
Net cash flows (used in) investing activities		(883 692 710)	(349 197 712)
Cash flows from financing activities			
Proceeds from capital increase		400 000 000	--
(Payments) of dividend distribution		(38 455 984)	(54 733 985)
Proceeds from loans		160 000 000	--
(Payments) Proceeds from bank facilities		(24 225 392)	18 324 504
(Payments) of lease liability		(13 475 464)	--
Finance expenses paid		(28 658 089)	(11 291 569)
Net cash generated from / (used in) financing activities		455 185 071	(47 701 050)
Net change in cash and cash equivalents during the period		367 939 605	106 424 345
Cash and cash equivalents at beginning of the period		623 737 310	626 642 024
Exchange rate changes on cash and cash equivalents		212 862	114 470
Cash and cash equivalents at end of the period	(16)	991 889 777	727 180 839

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

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

Notes to the Condensed Consolidated interim Financial Statements

For the Nine months ended September 30, 2021

1. General information

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in March 2011. The Company was re-registered at the commercial register of the 6th of October under No. 1333 in 19 July 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the company is twenty-five years from the Commercial Register date.

The interim condensed consolidated financial statements authorized for issuance at the Board of Directors meeting held on November 14, 2021.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the Egyptian Accounting Standards No. (30).

3. Basis of preparation of the consolidated financial statements

The condensed consolidated interim financial statements have been prepared using the same accounting policies that have been applied in the prior year. The condensed consolidated interim financial statements should be read with conjunction with the consolidated annual financial statements as of 31 December 2020.

Initial application of new Egyptian Accounting Standards "EAS"

The Supreme Committee for Egyptian Accounting Standards review, and limited review and other assurance has met according to the decision of the Prime Minister No. 909 of 2011 in order to study the effects of Ministerial decision No. 69 of 2019 that was issued for the purpose of adding and modifying some of the Egyptian accounting standards to be applied from the beginning of the year 2020.

According to the current circumstances that the country is going through as a result of the outbreak of the new COVID-19 and the related economic and financial implications associated with it, in addition to the implementation of preventive measures and facing the spread of imposing restrictions on the presence of human resources in companies at full capacity on a regular basis.

The Committee agreed to postpone the application of the new Egyptian Accounting Standards and the accompanying amendments issued by decision No. 69 mentioned above to the interim financial statements that will be issued during the year 2020 that companies apply these standards and these amendments to the annual financial statements of these companies at the end of 2020 and include all accumulated effects for the year by the end of 2020.

The committee preferred to record of the accumulated effects for the whole year to the annual financial statements, with companies' committing to disclose in their interim financial statements during 2020 about this fact and its accounting impact, if any.

A decree was issued by the Prime Minister No. 1871 of 2020 to postpone the application of the following Egyptian Accounting Standards: Standard (47) - Financial Instruments, Standard (48) - Revenue from Contracts with Clients and Standard (49) - Lease Contracts to be applied to financial statements issued for periods starting from or after January 1, 2021.

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

3-1 New Egyptian Accounting Standards No. (47) "Financial Instruments"

Summary of the most important amendments

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

- 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.
- 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.
- Based on the requirements of this standard the following standards were amended :
 - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.
 - Egyptian Accounting Standard No. (4) "Statement of Cash Flows".
 - Egyptian Accounting Standard No. (25) "Financial Instruments: Presentation".
 - Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement".
 - Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures".

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

3.2 New Egyptian Accounting Standard No. (48) "Revenue from contracts with customers"

Summary of the most important amendments

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

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

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

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

The impact on financial statements

Management implemented the new standard during the first quarter of 2021 and there is no impact on the company's financial statements.

3.3 New Egyptian Accounting Standard No. (49) "Lease Contracts"

Summary of the most important amendments

This 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. The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.

As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.

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.

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.

Date of implementation

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

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

The impact on the financial statements

The management implemented the new standard during the first quarter in 2021 refer to Note no. (4) regarding the right of use assets in addition to the value of lease liability.

3.4 Share-based payments

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

Notes to the Condensed Consolidated Financial Statements
For the three-month period ended September 30, 2021

4. Fixed Assets - Net

Cost	Note No.	Land	Building		Networks and services		Point of sales machines		Computers		Furniture and Office equipment		Leasehold improvements		Vehicles		Right of use, leases and preleases		Total	
			EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD	EGP	USD		EGP
As of January 1, 2020		25 970 500		41 129 500	57 459 489	189 744 292	189 744 292	51 769 438	9 878 566	16 018 823	149 300	402 188 888								
Additions during the year				1 425 931	5 286 852	2 511 115	2 511 115													
Disposals				(146 787 006)																(46 787 006)
As of December 31, 2020		25 970 500		41 129 500	58 877 460	268 258 312	268 258 312	57 056 290	12 387 681	17 636 870	149 300	481 465 913								
As of January 1, 2021		25 970 500		41 129 500	58 877 460	268 258 312	268 258 312	57 056 290	12 387 681	17 636 870	149 300	481 465 913								
Effect of applying EAS no. (49) on January 2021																				
The effect of acquisition of subsidiary	(35)																			
Additions during the period		26 520 000		70 230 070	30 366 740	119 618 024	119 618 024	9 888 701	2 078 988	10 286 071										
Disposals*						(61 413 841)	(12 031)	(12 031)												
As of September 30, 2021		52 490 500		111 359 500	89 244 200	378 463 295	378 463 295	67 361 785	18 661 260	41 201 329	149 300	798 382 840								
Accumulated depreciation																				
As of January 1, 2020				3 170 400	33 682 798	101 621 871	101 621 871	16 533 266	6 046 385	6 945 409	149 298	168 209 447								
Depreciation for the year				1 028 238	9 944 245	40 037 461	40 037 461	12 972 362	1 694 547	2 910 177										
Depreciation of disposals						(5 110 304)	(5 110 304)													
As of December 31, 2020				4 198 638	43 627 143	136 549 028	136 549 028	29 565 648	7 740 932	9 855 586	149 298	231 686 273								
As of January 1, 2021				4 198 638	43 627 143	136 549 028	136 549 028	29 565 648	7 740 932	9 855 586	149 298	231 686 273								
Effect of applying EAS no. (49) on January 2021																				
Depreciation for the period				771 178	13 795 914	38 104 625	38 104 625	4 386 314	2 760 175	7 603 194										
Depreciation of disposals						(7 474 470)	(7 474 470)	(17 031)	(340 000)											
As of September 30, 2021				4 969 816	57 423 057	167 179 179	167 179 179	33 939 931	10 161 107	17 458 780	149 298	306 317 555								
Net book value																				
As of September 30, 2021		52 490 500		106 389 684	31 821 143	159 284 116	159 284 116	33 421 854	8 500 153	23 822 849	2	76 335 285								
As of December 31, 2020		25 970 500		36 930 804	16 250 317	131 709 284	131 709 284	27 490 642	4 646 749	7 781 385	2	249 779 642								

*Disposals include points of sale deployed under the central bank of Egypt's initiative, note (40).

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5. Intangible assets – Net

<u>Cost</u>	<u>Software license</u>	<u>Programs</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
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
Additions during the period	311 139	79 009 021	79 320 160
As of September 30, 2021	39 343 790	277 986 629	317 330 419
<u>Accumulated amortization</u>			
As of January 1, 2020	10 601 905	38 217 292	48 819 197
Amortization for the year	4 275 032	15 529 867	19 804 899
As of December 31, 2020	14 876 937	53 747 159	68 624 096
Amortization for the period	3 608 031	16 824 314	20 432 345
As of September 30, 2021	18 484 968	70 571 473	89 056 441
Net Book value As of September 30, 2021	20 858 822	207 415 156	228 273 978
Net Book value, As of December 31, 2020	24 155 713	145 230 451	169 386 163

6. Projects under construction

The decrease in projects under construction is mainly due to the transfer of fixed assets during the period amounting to 5.7 million Egyptian pounds with the presence of software additions and servers for 1.3 million Egyptian pounds.

7. Goodwill

In the first quarter of 2021, the group's management has a control of Fawry Plus Banking Services S.A.E. The amount of Goodwill has been measured and determined applying provisional fair values (Note No. 35).

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Balance at the beginning	--	--
Goodwill from acquisition of a subsidiary	54 414 885	--
Goodwill	54 414 885	--

8. Investment in associate

	<u>No. of shares</u>	<u>Ownership %</u>	<u>September 30,</u>	<u>December 31,</u>
			<u>2021</u>	<u>2020</u>
			<u>EGP</u>	<u>EGP</u>
Bosta Co.	8 744 819	15.97%	2 099 309	6 549 557
Fawry Plus for banking services(*)	10 000	38%	--	--
Roaderz Technologies Co. (**)	800 000	30%	360 000	--
			2 459 309	6 549 557

(*) An acquisition took place during the first quarter of the financial year 2021 the company was transferred from investments in associates to investments in subsidiaries (Note no. 35).

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(**) During the third quarter of 2021, the company signed a shareholder agreement to establish Roderz Technologies and the company owns 30% of the capital and the company paid 360 thousand Egyptian pounds, which represents 10% of the company's share in the investment, with the rest of the investment of EGP 3.24 million paid within three months of the company's founding date.

9. Investment in Joint venture

	<u>Ownership</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
		<u>EGP</u>	<u>EGP</u>
Waffarha.com (LLC) Co.	30%	1 076 959	1 188 993
		<u>1 076 959</u>	<u>1 188 993</u>

10. Accounts and notes receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Accounts receivables - Billers and banks	71 084 315	52 346 196
Notes receivables	791 269	1 125 212
	<u>71 875 584</u>	<u>53 471 408</u>

11. Inventories

This decrease in inventories is due to decrease in Fawry Integrated Systems inventories - (a subsidiary company) by EGP 3.6 million that's mainly represent POS Machines.

12. Micro finance loans, (net)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Loans to customers - Short term	287 323 709	213 508 450
Less:		
Customers financing risk provision (Compulsory provision)	(17 143 151)	(8 600 876)
Loans to customers - short term (net)	<u>270 180 558</u>	<u>204 907 574</u>
Loans to customers - Long term	89 247 393	48 967 280
Less:		
Customers financing risk provision (Compulsory provision)	(4 468 318)	(2 636 972)
Loans to customers - Long term (net)	<u>84 779 075</u>	<u>46 330 308</u>
	<u>354 959 633</u>	<u>251 237 882</u>

Micro finance risk provision represented as following:

<u>Description</u>	<u>Balance as of December 31, 2020</u>	<u>Net of formed during the period</u>	<u>Balance at September 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Micro finance risk provision (Compulsory provision) - net	11 237 848	10 373 621	21 611 469
	<u>11 237 848</u>	<u>10 373 621</u>	<u>21 611 469</u>

Fawry for Banking Technology and Electronic Payments S.A.E.
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For the Nine months ended September 30, 2021

13. Debtors and other debit balances

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Vendors- advance payments	7 686 843	2 616 921
Prepaid expenses	13 409 588	9 540 314
Deposits with others	990 552	566 200
Withholding tax	12 362 678	28 693 568
Other debit balances	17 444 310	18 725 222
Accrued interest – Microfinance portfolio	9 437 363	3 967 299
Accrued Revenue	9 259 772	3 699 539
	<u>70 591 106</u>	<u>67 809 063</u>

The increase in debtors and other debit balances due to the increase in Vendors – advance payments balance by an amount of EGPM 5 also the increase in prepaid expenses balance by an amount of EGPM 3.8, Increase in accrued revenue balance by an amount of EGPM 5.5, increase in accrued interest (Microfinance portfolio) by an amount of EGPM 5.5, in addition to decrease in withholding tax balance by an amount of EGPM 16.3.

14. Due from related party

<u>Description</u>	<u>Nature</u>	<u>Account type</u>	<u>September 30,</u>	<u>December 31,</u>
			<u>2021</u>	<u>2020</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Plus for Banking Services	Subsidiary	Current account	--	4 781 474
Waffarha	associate	Current account	220 211	220 211
Tazcara for Information Technology	associate	Current account	1 434 270	1 211 102
Al Alameya for consultations & information system (ISIS)	Mutual party	Current account	3 000 000	--
			<u>4 654 481</u>	<u>6 212 787</u>

15. Treasury Bills

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	1 154 845 885	565 900 690
<u>Deduct:</u>		
Unrealized interest	(10 525 396)	(3 566 852)
Balance	<u>1 144 320 489</u>	<u>562 333 838</u>

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

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine months ended September 30, 2021

16. Cash and bank balances

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Cash	255 929 997	--
Current accounts at banks – local currency	210 094 840	125 758 156
E-Acceptance transactions under settlement	47 970 945	18 674 737
Cash collections - agents	439 120 727	376 239 906
Time deposit – local currency	10 135 009	90 074 795
Time deposit – foreign currency	15 147 458	7 957 107
Current accounts at banks – foreign currency	3 725 948	5 032 609
	<u>982 124 924</u>	<u>623 737 310</u>

For the purpose of preparing the cash flow statement, the cash and cash equivalents represented as follows:

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	982 124 924	449 744 875
Treasury Bills – less than 3 months	9 764 853	277 435 964
	<u>991 889 777</u>	<u>727 180 839</u>

17. Investments at fair value through OCI

<u>Company Name</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
El Menus Co.	15 716 676	--
Birimore Co.	15 700 000	--
Brenger (Netherlands)*	15 755 300	--
	<u>47 171 976</u>	<u>--</u>

During the second quarter of 2021, the company invested 1% in El menus Co, and the company paid \$1 million equivalent to EGP 15.71 million.

During the second quarter of 2021, the company invested 1% in Brimore Co, and the company paid \$1 million equivalent to EGP 15.7 million.

During the third quarter of 2021, the company invested 9.9% in Brenger (Netherland company), and the company paid \$1 million equivalent to EGP 15.75 million.

18. Capital

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

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19. Deferred tax assets/(liabilities)

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Deferred tax assets	7 934 438	2 828 936
Deferred tax liabilities	(14 557 530)	(8 558 675)
	<u>(6 623 092)</u>	<u>(5 729 739)</u>

20. Provisions

	<u>Balance as at</u>	<u>Formed during</u>	<u>Balance as at</u>
	<u>December 31, 2020</u>	<u>the period</u>	<u>September 30, 2021</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	20 802 142	2 650 087	23 452 229
	<u>20 802 142</u>	<u>2 650 087</u>	<u>23 452 229</u>

21. Banks facilities - overdrafts

On April 7, 2020, a finance agreement was concluded with a local bank to grant the company a credit facility with a maximum amount of 150 million Egyptian pounds 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 70.8 million Egyptian pounds on September 30, 2021 (December 31, 2020: 79.9 million Egyptian pounds).

On June 15, 2020, a finance agreement was concluded with a local bank to grant the Company a credit facility with a maximum amount of 100 million Egyptian pounds at the prevailing market rates, the duration of the credit facility starts from June 15, 2020, and the balance reached 80.9 million Egyptian pounds on September 30, 2021 (December 31, 2020: 94 million Egyptian pounds).

On August 7, 2019, a finance agreement was concluded with a local bank to grant the Company a credit facility with a maximum amount of EGP 50 million at the prevailing market rates, and the balance 47 million Egyptian pounds on September 30, 2021 (December 31, 2020: 49 million Egyptian pounds)

22. Accounts and Notes Payable

<u>Description</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Accounts payable	18 652 315	27 522 865
Notes payable	5 886 927	1 728 781
	<u>24 539 242</u>	<u>29 251 646</u>

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

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For the Nine months ended September 30, 2021

23. Accounts and notes payable – Billers

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Billers payable	938 313 630	630 187 367
Billers' Notes payable	170 252 302	140 066 051
	<u>1 108 565 932</u>	<u>770 253 418</u>

24. Creditors and other credit balances

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
Accrued expenses	54 627 022	28 940 695
Accrued interest	10 410 157	--
Accrued commissions	45 754 911	33 806 311
Unearned revenue	3 163 712	2 776 749
Health insurance contribution	3 831 462	4 065 636
Tax Authority	34 973 212	49 382 164
Social Insurance Authority	4 539 735	5 575 208
Under settlement Transactions	6 765 153	7 955 177
Other credit balances	8 274 375	4 542 932
	<u>172 339 739</u>	<u>137 044 872</u>

25. 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:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	728 625 375	826 744 625
	<u>728 625 375</u>	<u>826 744 625</u>

Letters of guarantee facilities to 1,061 million Egyptian pounds as of September 30, 2021, The utilized amounts from the banks facilities amounted to EGP 728.6 million Egyptian Pounds in the form of issued letters of guarantee.

26. Operating revenue

Operating revenue has increased due to an increase in volume of transactions during the period ended September 30, 2021.

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
<u>Description</u>	<u>EGP</u>	<u>EGP</u>
collection fees	1 084 603 110	832 974 991
Other operating revenues	9 207 274	11 383 552
Interest from Micro finance activities	97 023 197	48 362 285
	<u>1 190 833 581</u>	<u>892 720 828</u>

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27. Operating costs

The main reason for the increase in operating costs is the increase of merchants' fees by an amount of 45 million Egyptian Pounds, increase in depreciation and amortization by an amount of 21 million Egyptian Pounds, increase in cost of financing microfinance loans by amount of 10 million Egyptian Pounds, increase in cash collection costs by an amount of 27 million Egyptian Pounds and increase in other costs by an amount of EGP 6 million during the period.

28. General and administrative expenses

The main reason for the increase in general and administrative expenses is the increase in salaries and wages in an amount of EGP 53 million. In addition to the increase in outsourcing, technical support and services related costs by an amount of EGP 9 million.

29. Selling and marketing expenses

The main reason for the increase in selling and distribution expenses is the increase of the salaries by an amount of EGP 39 million, the increase in selling and marketing commission by an amount of EGP 5 million, In addition to the increase of marketing and advertising expenses by an amount of EGP 11 million during the period.

30. Credit Interest

<u>Description</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts and time deposits	9 751 642	4 879 131
Credit interest – treasury bills	81 175 430	39 187 826
Credit interest – loans to related party	--	2 991 401
	<u>90 927 072</u>	<u>47 058 358</u>

31. Depreciation and amortization

The depreciation and amortization for the period amounting to EGP 104 906 135 was charged to the statement of profit or loss as follows:

<u>Description</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	44 355 510	22 772 576
General and administrative expenses	60 550 626	42 227 740
	<u>104 906 135</u>	<u>65 000 316</u>

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32. Group's share of losses in investment in associates and joint venture entities

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>EGP</u>	<u>EGP</u>
Waffarha.com	(112 034)	(257 081)
Bosta Inc. Delaware	(4 450 248)	(3 293 384)
	<u>(4 562 282)</u>	<u>(3 550 465)</u>

33. 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, and this is considered the most appropriate measurement for the purpose of allocating resources to segments and assessing their performance.

A. Segment profit or loss statement

<u>EGP</u>	<u>Revenue</u>		<u>Profit</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Banking technology and E-payment segment	1 093 810 384	844 358 543	235 737 055	179 288 653
Micro-Finance segment	97 023 197	48 362 285	15 361 193	12 003 011
Total	1 190 833 581	892 720 828	251 098 248	191 291 664
Net profit for the period before tax			251 098 248	191 291 664
Income tax			(57 359 414)	(46 093 641)
Net profit for the period after tax			193 738 834	145 198 023

B. Segment Assets

<u>EGP</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Banking Technology and E-payment segment	3 844 215 850	2 473 963 576
Micro-Finance segment	400 855 111	261 253 902
Assets before disposals	4 245 070 961	2 735 217 478
Elimination of internal transactions between segments	(446 319 309)	(303 697 156)
Assets after disposals	3 798 751 652	2 431 520 322
Total consolidated Assets	3 798 751 652	2 431 520 322

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34. Earnings per share

Earnings per share figures are calculated by dividing the net profit for the period for the parent company by the average number of outstanding shares during the period.

	<u>September 30, 2021</u>		<u>September 30, 2020</u>	
	<u>EGP</u>		<u>EGP</u>	
	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>
Net profit for the period	149 390 219	149 390 219	119 208 905	119 208 905
Average number of shares during the period	1 209 526 342	1 209 996 108	907 304 120	907 304 120
	<u>0.124</u>	<u>0.123</u>	<u>0.131</u>	<u>0.131</u>

35. Acquisition of subsidiary

During the first quarter of 2021 Fawry for Banking Technology and Electronic Payments S.A.E acquired a percentage of 60.46% from the total shares of Fawry Plus for Banking Solutions S.A.E., The goodwill recognized represent the excess of the cash consideration paid over the fair values of the Company's identifiable net assets.

The group's management has applied the requirements of The Egyptian Standard (No.29) with regard to accounting for business combination carried out in stages and the group's management has re-measured the equity interest previously held in the invested company at fair value at the date of control and recognized the profits resulting from the remeasurement of the investment in the consolidated statement of profit or loss of 22 800 000 Egyptian pounds.

The fair value of identifiable assets acquired, liabilities and potential liabilities assumed resulting from the acquisition of Fawry Plus for Banking Services S.A.E. has been provisionally determined, and the provisional fair value of the net assets acquired at the date of the acquisition was EGP 4 073 957.

	<u>January 1, 2021</u>
	<u>EGP</u>
Provisional fair values of net assets acquired and liabilities assumed	<u>4 073 957</u>
Deduct:	
Non-controlling interest (provisional fair value)	1 610 843
Fair value of previously held interest	22 800 000
Fair value of consideration paid	<u>34 077 999</u>
Total goodwill	<u>54 414 885</u>

According to article No. 45 of the Egyptian Accounting Standard No. (29), the initial accounting for the business combination was not completed until the end of the reporting period, as the group's management is still preparing a study for the purchase price allocation at the date of the combination for the purpose of allocating the consideration paid over the fair values of the acquired assets, assumed liabilities and goodwill. The company will perform during the measurement period, which is the period post the acquisition date, where there will be a reasonable time for the company to determine and measure the fair values of the following at the acquisition date:

- Identifiable acquired assets, contingent liabilities and any non-controlling interests in the acquired subsidiary.
- The consideration transferred to acquire the subsidiary

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Net cash acquired from the acquisition of a subsidiary:

	EGP
Cash Consideration paid	34 077 999
<u>Less: Cash and cash equivalents for subsidiaries</u>	<u>(27 939 658)</u>
	<u>6 138 341</u>

Profit on deemed disposal of investment in associate – Fawry plus for banking services Co.

	EGP
Fair value of previously held interest	22 800 000
<u>Less: Book value for the investment at date of control</u>	<u>--</u>
	<u>22 800 000</u>

36. Tax Position

Corporate tax

The Company's profit is subject to tax in accordance with the income tax law no. 91 for year 2005 and its executive regulations and amendments.

Years from 2009 until 31 December 2012

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

Years from 2013 until 31 December 2017

- The company was notified with deemed tax inspection request for the mentioned years, the company appealed on legal dates and the company's records are currently under inspection based on actual basis.

Years from 2018 until 31 December 2020

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

Payroll tax

Years from inception until 31 December 2016

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

Years from 2017 until 2020

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

Stamp duty tax

Years from inception until 31 December 2014

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

Years from 2015 until 31 December 2020

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

Sales tax / VAT tax

Years from inception until 31 December 2014

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

Years from 2015 until 31 December 2017

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

- **Years from 2018 until 31 December 2020**

- The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

Withholding tax

- **Years from inception until 31 December 2020**

The company's records haven't been inspected yet by the tax authority for the mentioned years and hasn't received any tax claims for these years.

37. Significant events

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

transportation work until midnight and the reopening of theaters and cinemas with a capacity of 25%.

- The Company has conducted a study with a view to assessing the potential risks related to the company's ability to provide electronic payment services through the multiple payment channels that the Company provides, human resources, in order to ensure the company's activities continue without interruption or interruption. On its business and activities, the first half of the current fiscal year witnessed an increase in demand for electronic payment services, in light of the measures taken by the Egyptian government and the Central Bank of Egypt to encourage the use of various electronic payment methods, and this was reflected in the increase in the company's revenues in the first half of this year. The administration is closely monitoring the situation and continuously evaluating its impact on the Company's activities in anticipation of any developments that may result in negative effects of this pandemic, enabling the Company to amend the plans necessary to meet potential negative impacts, if any.

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

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

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

38. Legal position

During the third quarter of 2019, a third-party Company filed a lawsuit against Fawry Banking and payment technology services "The Company" to pay amount of EGP 30 million for the contract dues from year 2015 to September 30, 2019 in addition the legal accrued interest on this amount and according to that, the company did not took place any transactions related to this the aforementioned contract, the company and the company's external legal advisor opinion regarding this case is likely to be favored of Fawry Banking and Payments Technology Services without any financial liabilities on the Company as a result of this case.

A judgment was passed in this case in favor of the company on October 21, 2021.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine months ended September 30, 2021

39. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation of the financial statements for the current period.

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

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

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

41. Long term loans

- Loan resulting from the acquisition of Fawry Plus - subsidiary - during the current period through the shareholders of Fawry Plus Co. Bank Misr and The International Commercial Bank dated on December 10, 2018 until the start of repayment in quarterly installments starting from March 31, 2021 and ending December 31, 2022 at an interest rate for the portion of the loan amount provided by Fawry Banking, The interest rate announced by the Central Bank of Egypt only, and for the portion of the loan amount provided by both bank Egypt and the commercial international Bank (CIB) have reached the loan value of both banks on September 30, 2021 amounting to EGP 8.2 million.
- During the fourth quarter of 2020 a subsidiary (Fawry for Microfinance Company) obtained a loan of EGP 160 million and the subsidiary withdrew an amount of EGP 160 million from the loan amount till September 30, 2021.

42. Share-based payments

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

Equity instruments during the year represents the following:

	<u>September 30, 2021</u>	
	<u>EGP</u>	<u>No of shares</u>
Outstanding at the beginning of the period	--	--
Granted during the period*	37 414 270	16 255 546
Forfeited during the period	--	--
Exercised during the period	--	--
	<u>37 414 270</u>	<u>16 255 546</u>

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