



**ORASCOM
INVESTMENT**

**Orascom Investment Holding
S.A.E.
Separate Financial Statements
As of and for the year ended December 31, 2021
Together with Auditor's Report**



Hazem Hassan

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Auditor's report To the Shareholders of Orascom Investment Holding S.A.E.

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Orascom Investment Holding S.A.E (the Company), which comprise the separate statement of financial position as of December 31, 2021, and the related separate statements of income, comprehensive income, changes in equity, and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes 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 separate financial statements based on our audit. Except as described in the Basis of Qualified Opinion paragraph, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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

Basis of Qualified Opinion

We have not obtained neither bank confirmation nor bank statements on bank balances in Audi Bank in Lebanon amounting to EGP 292,032, therefore, we couldn't obtain reasonable assurance over the existence of these balances, as well as the completeness of transactions and disclosures related to Audit bank in Lebanon as of and for the year ended December 31, 2021. We couldn't perform alternative audit procedures to obtain reasonable assurance over the existence and completeness of the balances, transactions and disclosures related to this bank.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary if we have obtained the bank confirmation described in the Basis of Qualified Opinion paragraph, the separate financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of Orascom Investment Holding S.A.E. as of December 31, 2021, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Emphasis of Matter

Without modifying our opinion, as mentioned in detail in note (15) from the accompanying notes of the separate financial statements, the Company has a significant influence over its investee "Koryolink" in North Korea, the investment is amounting to EGP 613.6 million, which the Company classified as investment in associates as of December 31, 2021. Also, the Company has bank balances in North Korea amounting to EGP 50 million, which the Company classified as other financial assets as of December 31, 2021. Considering that Koryolink is operating under an international ban, operational and financial restrictions imposed by the international community on North Korea, which lead to difficulties in transferring profits abroad and repatriate the funds to their home country, which lead to material uncertainty in Company's ability to get the recoverable amount of these assets.

Report on Other Legal and Regulatory Requirements

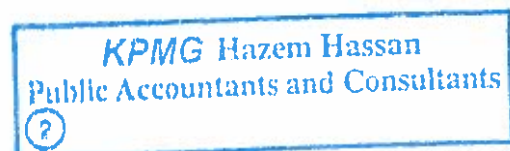
The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company to prove it, the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account within the limits that such information is recorded therein.

KPMG Hazem Hassan


Public Accountants and Consultants

Cairo, March 31, 2022


KPMG Hazem Hassan
Public Accountants and Consultants
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ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of financial position as of

(In thousands of EGP)	Note no.	December 31, 2021	December 31, 2020
<u>Non-current assets</u>			
Fixed assets	(12)	35,990	37,789
Investments in subsidiaries	(13)	662,939	889,144
Investment property	(14)	206,162	--
Investments in associates	(15)	613,632	613,632
Due from related parties	(8-b)	--	14,393
Other financial assets	(7)	53,109	59,025
Total non-current assets		1,571,832	1,613,983
<u>Current assets</u>			
Due from related parties	(8-a)	821	22,185
Debtors and other debit balances	(9)	6,818	18,293
Cash and cash equivalents	(6)	97,600	97,419
		105,239	137,897
Assets held for sale	(28)	60,862	--
Total current assets		166,101	137,897
Total assets		1,737,933	1,751,880
<u>Equity</u>			
Issued and paid-up capital	(17)	577,025	577,025
Legal reserve		175,822	170,033
Result of the demerger		(129,087)	(129,087)
Retained earnings		162,107	52,123
Net profit for the year		42,107	115,773
Total equity		827,974	785,867
<u>Non-current liabilities</u>			
Borrowings	(16)	--	80,845
Deferred tax liabilities	(5)	2,925	1,952
Total non-current liabilities		2,925	82,797
<u>Current liabilities</u>			
Provisions	(18)	274,216	258,248
Borrowings	(16)	280	1,234
Trade payables		232	4,425
Other credit balances	(10)	60,424	68,244
Due to related parties	(11)	524,918	551,065
		860,070	883,216
Liabilities related to assets held for sale	(27)	46,964	--
Total current liabilities		907,034	883,216
Total liabilities		909,959	966,013
Total liabilities and equity		1,737,933	1,751,880

The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

Chief Financial Officer

* Auditor's report "attached"

Chairman

ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of income for the financial year ended

(In thousand EGP)	Note no.	<u>December 31, 2021</u>	<u>December 31, 2020</u> <u>Represented</u>
<u>Continuing operations</u>			
Other income		636	2,493
Total income		636	2,493
<u>(Less)</u>			
Employees costs and board of directors' remunerations	(4)	(46,115)	(62,348)
Consulting and professional services fees		(33,334)	(42,561)
Subscription expenses		(7,494)	(3,092)
Depreciation of fixed assets and investment property	(12,14)	(1,893)	(2,808)
Provisions formed	(18)	(15,968)	(29,551)
Net impairment losses in financial assets	(19)	(13,038)	(13,917)
Other expenses	(21)	(15,119)	(15,211)
Operating (losses)		(132,325)	(166,995)
Interest income	(20)	528	62,564
Finance costs		(11,984)	(4,975)
Net foreign currencies translation differences		(8,224)	3,257
Net financing (costs) / income		(19,680)	60,846
Net (loss) for the year before tax		(152,005)	(106,149)
Income taxes	(5)	(973)	1,065
Net (loss) for the year from continuing operations after tax		(152,978)	(105,084)
Profit from discontinued operations after tax	(29)	195,085	220,857
Net profit for the year		42,107	115,773
(Losses) per share from continuing operation			
- Basic and diluted	(22)	(0.029)	(0.02)
Earnings per share from discontinued operation			
- Basic and diluted	(22)	0.037	0.042

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

**ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of comprehensive income for the financial year ended**

(In thousands of EGP)

Net profit for the year

Other comprehensive income items

Total comprehensive income for the year

<u>December 31, 2021</u>	<u>December 31, 2020</u>
42,107	115,773
--	--
<u>42,107</u>	<u>115,773</u>

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

ORASCOM INVESTMENT HOLDING "S.A.E"
Separate statement of changes in equity for the financial year ended December 31, 2021

(In thousands of EGP)	Issued and paid-up capital	Legal reserve	Result of the demerger	Retained earnings	Net (loss) / profit for the year	Total
Balance as of January 1, 2020	2,203,190	589,555	--	751,983	(253,333)	3,291,395
Adjustments for new Accounting Standards (EAS 47) *	--	--	--	(54,482)	--	--
Balance as of January 1, 2020, restated	2,203,190	589,555	--	697,501	(253,333)	3,236,913
Transferred to Retained earnings	--	--	--	(253,333)	253,333	--
Adjustments resulting from the demerger process **	(1,626,165)	(419,522)	(129,087)	(392,045)	--	(2,566,819)
Total comprehensive income	--	--	--	--	115,773	115,773
Balance as of December 31, 2020	577,025	170,033	(129,087)	52,123	115,773	785,867
Balance as of January 1, 2021	577,025	170,033	(129,087)	52,123	115,773	785,867
Transferred to legal reserve	--	5,789	--	--	(5,789)	--
Transferred to retained earnings	--	--	--	109,984	(109,984)	--
Total comprehensive income	--	--	--	--	42,107	42,107
Balance as of December 31, 2021	577,025	175,822	(129,087)	162,107	42,107	827,974

* Comparative figures for the year 2020 have been restated, as a result of the early adoption of the Egyptian Accounting Standard no. 47 starting from January 1, 2021.

** Represent settlements on equity as a result of the demerger of the Company into two companies in 2020.

The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of cash flows for the financial year ended

(In thousands of EGP)	Note no.	December 31, 2020	December 31, 2020 <u>Represented</u>
Net (loss) for the year before tax		(152,005)	(106,149)
Adjustments by:			
Depreciation of fixed assets and investment property	(12,14)	1,893	2,808
Impairment (reversal) of financial assets	(19)	13,038	13,917
Capital (gains)		(60)	(2,493)
Interest income	(20)	(528)	(62,564)
Finance costs		11,984	4,975
Net foreign currencies translation differences		8,224	(3,257)
Changes in:		(117,454)	(152,763)
Due from related parties		5,458	(7,690)
Other debit balances		12,167	3,221
Trade payables		(4,193)	(776)
Other credit balances		(7,820)	(6,836)
Due to related parties		(26,147)	(61,593)
Provisions		15,968	15,484
Cash flows (used in) operating activities from continuing operations		(122,021)	(210,953)
Interest received		528	1,473
Net cash flows (used in) operating activities from continuing operations		(121,493)	(209,480)
Cash flows from investing activities			
Payments for purchase of fixed assets		--	(80)
Payment for purchase of investment property		(6,351)	--
Proceeds from sale of property and equipment		310	499
Net received from other financial assets		--	3,474
Net cash flows (used in) / generated from investing activities		(6,041)	3,893
Cash flows from financing activities			
Interest paid	(16)	(11,984)	(4,688)
Payments for loans	(16)	(81,799)	(313,779)
Proceeds from credit facilities		--	78,765
Payments for capital increase of subsidiaries	(13)	(34,715)	(77,420)
Net received from other financial assets- pledged deposits		--	2,100
Net cash flows (used in) financing activities		(128,498)	(315,022)
Net change in cash and cash equivalents during the year from continuing operation		(256,032)	(520,609)
Discontinued operation:			
Net cash flows provided from operating activities		14,393	59,256
Net cash flow provided from investing activities		242,000	81,974
Cash flow (used in) finance activities		--	(39,856)
Net change in cash and cash equivalents from discontinued operation		256,393	101,374
Net change in cash and cash equivalents during the year		361	(419,235)
Change in exchange rate in cash and cash equivalents		(180)	(3,082)
Cash and cash equivalents at the beginning of the year		97,419	519,736
Cash and cash equivalents at the end of the year	(6)	97,600	97,419

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

1. Background

a- Legal form

- Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding” is an Egyptian Joint Stock company pursuant to provisions of the capital market law no. 95 of 1992, and its executive regulations. The Company was registered at Cairo Commercial Register on November 29, 2011, under No 394061. The Company’s head office is located at Nile City Towers, Ramlet Boulak –Cairo, Egypt the company’s duration is 25 years starting from November 29, 2011.
- In accordance with the Extraordinary General Assembly Resolution of June 5, 2018, the company’s name was changed to Orascom Investment Holding (S.A.E.) instead of Orascom Telecom, Media and Technology Holding (S.A.E.), the commercial register was registered on July 3, 2018.

b- Purpose of the Company

The Company’s purpose is to participate in incorporating companies that issue securities or to increase the share capital of these companies and considering the provisions of article 127 of the executive regulations and the regulations of the Capital Market Law. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities similar to those of the Company or those that may assist the Company to achieve its objectives in Egypt or abroad. It may also merge into those companies and enterprises or acquire them pursuant to the provisions of the law and its executive regulations.

c- Brief over the incorporation of the Company

The Company was established by way of legal demerger from Orascom Telecom Holding S.A.E “OTH” as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd and Wind Telecom announced that both groups had signed a merger agreement, and where Wind Telecom (formerly Wind Investment) owns 51.7% of shares of Orascom Telecom Holding SAE “OTH”.

On April 14, 2011 the demerger plan was concluded, in order to transfer certain assets to the demerged Company that are not intended to form part of the VimpelCom – Wind Telecom group going forward. Those assets represent mainly OTH investment in the Egyptian company for mobile services, CHIO technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media sector including undersea cable assets.

Accordingly, the demerger plan provided that the demerger of OTH will be executed by way of legal demerger, and the incorporation of Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding) “OIH” (the demerged Company), which will acquire the investments excluded from the transaction. The demerger resulted in existing shareholders of OTH holding the same percentage interest in OIH as they hold in OTH as of the execution date of the demerger.

2. Basis of preparation of the separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

- The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment’s decision no. 110 for the year 2015, applied from January 1, 2016. And the applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards “IFRS” for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.
- The separate financial statements of the Company for the year ended December 31, 2021, were approved by the board of directors on March 30, 2022.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

b- Basis of measurement

These separate financial statements are prepared on the historical cost basis, except for financial Instruments which are stated at fair value or amortized cost which are as follows:

- Financial derivatives
- Financial instruments at fair value through profit or loss
- Financial assets at fair value through other comprehensive income.

Investments in subsidiaries and associates are accounted for at cost basis, in the separate financial statements, which represents the Company's direct ownership interest in equity and not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

c- Presentation currency

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to the nearest thousand except for earnings /(losses) per share, unless otherwise stated.

d- Use of estimates and judgments

The preparation of the separate financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may significantly differ from these estimates if there is a change in the surrounding circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 if the revision affects both current and future periods.

The following are the significant accounts where critical judgments and estimates that have been used:

- Recognition of current and deferred tax assets and liabilities and their measurement

The Company's profit is subject to income tax, which require using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the period, the Company record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current period and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management use assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

- **Provisions and contingent liabilities**

Management assess events and circumstances that might led to a commitment on the company's side from performing its normal economic activities management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assume whether past events lead to current liability against the Company and estimate the future cash outflows and timing to settle this obligation in addition to selecting the method which enable the management to measure the value of the commitment reliably.

- **Estimating the useful lives and salvage value for property, plant and equipment and intangible assets and depreciation and amortization methods and recoverable value for those assets**

Management reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each year, the review process involve assessment of the surrounding circumstances and factors affecting fixed assets' useful lives e.g. developments in technology and change in the pattern those assets are used, if the rates used are determined to be inappropriate, rates of depreciation and amortization are adjusted accordingly.

3. Significant accounting policies applied

The separate financial statements have been prepared by the same accounting policies that are followed on an ongoing basis when preparing the Company's separate financial statements, and except for the applying of Egyptian Accounting Standards no. (48) and (49) from 1 January 2021, which will be explained in Note (3-r), the accounting policies have been followed consistently in all periods presented in separate financial statements.

A. Foreign currencies translation

The Company's functional and reporting currency is the Egyptian Pound, the currency in which most of the Company's cash flows are usually generated or retained. Transactions in currencies other than the Egyptian Pound are recorded at the exchange rates prevailing at the transactions dates. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated to the Egyptian Pound at the rates prevailing at the statement of financial position date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated to Egyptian Pound at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognized in income statement in the period in which they arise in a separate item, except for exchange differences arising on non-monetary asset and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

B. Property, Plant and equipment

Property, Plant and equipment held for use for administrative purposes are stated in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for administrative purposes or for a currently undetermined future use are carried at cost less any recognized impairment loss. Cost includes professional fees, labor cost and "for qualifying assets" borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation of buildings and equipment as well as furniture and fixtures commence when the assets are ready for their intended use. Land owned by the company is not depreciated (if any).

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 Company 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 are incurred.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is charged to the income statement over the estimated useful life of each asset using the straight-line method.

The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

<u>Asset</u>	<u>Years</u>
Buildings	50 Years
Buildings improvements	5 Years
Furniture and fixtures	3 Years
Computers	3 Years
Vehicles	5 Years

C. Investment property

Investment property are represented in leased buildings (operating leases) to others. Investment property are measured at cost plus transaction costs, minus the accumulated depreciation and impairment losses. The book value of the investment property, default lives and depreciation methods are reviewed at the end of each fiscal year.

The fair value of these investments is disclosed at the statement of financial position date, unless there are cases where it is difficult to determine the fair value of any of these investments in a reasonable manner, in which case this is disclosed.

Depreciation

Depreciation is charged to the income statement according to the straight-line method over the estimated useful life of each type of investment property, and the following is the estimated useful lives:

<u>Asset</u>	<u>Years</u>
Leased assets	50 years

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

D. Investments in subsidiaries

Investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements as investments in subsidiaries at the acquisition cost less impairment. Impairment is estimated for each investment separately and recognized in the income statement. Subsidiaries are companies controlled by the company when all of the following is met for the investor:

- Power over the investee.
- Exposure, or rights, to variable returns from involvement with the investee.
- The ability to use power over the investee to affect the amount of investor return.

The Company should re-assess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control above mentioned.

Regarding subsidiaries "structured entities", no cost shall be recognized in the Company's separate financial statements. Therefore, the nature and risks to those subsidiaries "structured entities" are disclosed in the separate financial statements as related party companies.

E. Investments in associates

An associate is an entity over which the Company has a significant influence to participate in the financial and operating policy decisions of this entity but doesn't reach to control or joint control over these policies.

Investments in Associates are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost of selling.

The Company does not measure the investment in associates using the equity method in these separate financial statements according to paragraph (44) in the Egyptian Accounting Standard no (18).

In case of an objective evidence that an impairment loss has been incurred on investments in associates at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount and impairment losses are recognized immediately in the separate income statement.

F. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition without any conditions other than the sales conditions.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Unless the delay is due to events beyond the control of the Company and if there is sufficient evidence that confirms the continuation of the Company in its commitment to sell the asset.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

G. Impairment of non-financial assets

On annual basis, the company reviews the carrying amounts of its tangible and non-financial assets (for example: investment in subseries and associate) to determine whether there is any indication that those assets have suffered an impairment loss, if any such indication exists, The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of the asset or the cash-generating unit is the fair value - selling costs - or the value in use, which is greater. 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss

H. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the Balance Sheet Liability Method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets or liabilities are not recognized for temporary differences resulting from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

- Current and deferred tax for the year

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized directly in equity, in which case, the current and deferred tax are recognized directly in equity.

I. Provisions

- Provisions are recognized when the Company has a present obligation (legal or constructive), arising from past event, the settlement of which is expected to result in an outflow of the enterprise resources embodying economic benefits, the cost to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.
- The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the separate balance sheet date, taking into account the risks and uncertainties surrounding the obligation.
- Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost in separate income statement.

J. Cash and cash equivalents

The Company considers all cash on hand, bank current accounts, Treasury bills due in less than 3 months and other short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value with original maturities of three months or less as cash and cash equivalents.

K. Revenue recognition and measurement

- Revenue is measured at the fair value of consideration received or receivable to the Company net of discounts and value added tax.
- Dividends income from its equity investments is recognized when the Company's rights to receive payment have been established.
- Revenue from technical support is recognized in the separate profit or loss over the term of the contracts with subsidiaries and associates according to the accrual basis, when the services have been rendered according to contracts, and that revenue can be estimated reliably, probable economic benefits associated with the transaction will flow to the entity, and revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction and can be measured reliably.
- Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applied until maturity.
- Revenues from sale of financial investments are recognized according to accrual basis at fair value of the consideration received or payable to the Company after deduction of any discounts, expenses, transaction cost, or investment cost.

L. Financial instruments

Financial assets

A. Classification:

the Company classifying its financial assets into the following measurement categories:

- financial assets at fair value through profit or loss or other comprehensive income, and
- financial assets measured at amortized cost.

The classification depends on the Company's business model for managing those financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for sale, this will depend on whether the Company has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value through other comprehensive income.

The Company reclassifies its investments when and only when its business model for managing those assets changes.

B. Recognition and derecognition:

The normal way of buying and selling financial assets, on the trade date, which is the date on which the Company has a commitment to buy or sell the financial asset. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred.

C. Measurement:

On initial recognition, the Company measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.

Embedded financial assets are considered entirely embedded derivatives when determining whether their cash flows are solely payments of principal and interest.

Debt instruments:

The measurement of debt instruments depends on the company's business for managing the asset and characteristics of cash flow of the asset, there are three measurement categories by which the Company classifies debt instruments:

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.
- **Fair value through other comprehensive income:** Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the cash flows of assets represent only payment of original amount and interest, are measured at fair value through other comprehensive income. Changes in carrying amount are taken into other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expenses). Interest income from these financial assets is included in financing income using the interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for depreciated cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented under other income / (expenses) in the period in which they arise. Impairment expenses as a separate item in the statement of profit or losses.

Equity instruments

The Company subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income /(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

d- Impairment:

At each financial position date, The Company assesses the expected credit losses associated with the investment in debt instruments, which are carried at amortized cost and fair value through other comprehensive income. Expected credit losses of a financial asset occurs when there is one or more adverse events to the expected cash flows of the financial asset.

Evidence of expected credit losses includes the following observable data.

- Breach of contract by defaulting on loan repayment or delaying payment for more than 90 days from the due date.
- Restructuring the loan and the advance payment from the company on terms not in the interest of the company.
- it is probable that the borrower will go bankrupt or other financial scheduling, or the active market will disappear due to financial difficulties.

Provision of financial assets at amortized cost is deducted from the total amount of assets.

Financial derivatives

When needed, the Company enters in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to 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.

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. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement at the date of issuance of these instruments.

Equity instruments

Equity instruments represent any contract that gives the Company the right to the net assets of an entity after deducting all of its obligations.

Equity instruments issued by the Company are recorded at the value of the proceeds received or the net value of the assets transferred, deduct the costs of issuance directly attributable to the transaction.

Financial liabilities

Financial liabilities are classified as either financial liabilities (at fair value through profit or loss) or other financial liabilities.

Other financial liabilities

The Company has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), 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 the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial instruments from books

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Effective interest rate method:

The effective interest rate method is used to calculate the amortized cost of financial assets that are debt instruments and to distribute the return over the relevant periods. The effective interest rate is the rate at which future cash receipts (which includes all fees and payments or receipts between parties to the contract that are part of the effective interest rate and also includes transaction costs and any other premiums) are discounted over the estimated life of the financial assets or any appropriate less period.

The return on all debt instruments is recognized on the basis of the effective interest rate, except for those classified as financial assets at fair value through profits or losses, where the return on them is included in the net change in their fair value.

M. Short term employees' benefits

Salaries, wages, paid vacations, sick leaves; bonus and other non-cash benefits in favor of employees' services for the Company are recognized according to the accrual basis in the same period these services were rendered.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

N. Dividends

Dividends declared to the shareholders, Board of Directors and employees are recognized as a liability in the financial statements in the period in which these dividends have been approved by the Company's shareholders.

O. Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the separate reporting date.

Borrowing costs includes the foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs.

The gain and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency and borrowings costs actually incurred on foreign currency borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

P. Earnings per share

Basic and diluted earnings per share is calculated based on dividing the profit or loss, according to the separate financial statements, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Q. Estimation of fair value

Applying the accounting policies stated in note no. (3) requires from management to use estimates and assumptions for determining the carrying amount for assets and liabilities that cannot be measured reliably from other sources.

The fair value of current financial instruments in the active market depends on the market prices declared as of the financial statements date, while the fair value of non-current financial instruments is determined using valuation methods, which use appropriate inputs and assumptions depending on the market conditions as of the financial statements date, while it could be adjusted as necessary in accordance with the events and circumstances surrounding the Company and its dealings with others.

R. Legal reserves

In accordance with the articles of association, 5% of the annual net income is required to be transferred to a legal reserve until its balance reaches 50% of issued capital. The Company is required to resume transfer of net profit to the legal reserve once its balance falls below this percentage. This reserve can be used for covering the incurred losses and for the increase of the Company capital subject to the approval of the shareholders in general assembly.

S. Employees' profit share

The Company pays 10% of its cash dividends as profit sharing to its employees to the sum of their annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability in the provision which distribution has been approved by shareholders. And since dividends' distribution is the right of the Company's shareholders so the liability is not recognized for the employees' dividends related to profits that are not declared for distribution till the separate financial statements date (retained earnings).

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

T. Cash flows statement

The separate statement of cash flows is prepared using the indirect method.

U. New accounting standards implemented by the company from January 1, 2021:

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, New standards and amendments to some existing standards implemented beginning from the financial period starting from January 1, 2020.

But due to the economic slowdown and downturn as a result of the outbreak of the new Corona Virus pandemic (Covid-19), the Financial Supervisory Authority on April 12, 2020, decided to postpone the application for financial statements ending on December 31, 2020.

On September 17, 2020, Cabinet Resolution No. (1871) for the year 2020 was issued, postponing the date for amending the application of Egyptian standards to the financial periods beginning on or after January 1, 2021.

The Company has decided to early adopt the Egyptian Accounting Standard No. (47) "Financial Instruments" starting from January 1, 2020.

Below is a description of the changes in accounting policies in accordance with the adoption of the amendments to the Egyptian Accounting Standards as of January 1, 2021.

Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers"

Egyptian Accounting Standard No. 48 replaced Egyptian Accounting Standard No. 11 "Revenue" and Egyptian Accounting Standard No. 8 "Construction Contracts" and its related interpretations. Whereas the Egyptian Accounting Standard No. 48 deals with the recognition of revenue from contracts with customers as well as the treatment of additional costs incurred in obtaining a contract with a customer, which will be explained in more detail below.

Egyptian Accounting Standard No. 48 states that revenue recognition depends on the following five steps:

- 1) Determine the contract with the customer
- 2) determining the contractual obligation to transfer goods and/or services (known as performance obligations)
- 3) Determine the transaction price.
- 4) allocate the transaction price to the specified performance obligations based on the separate selling price of each good or service, and
- 5) Recognize revenue when the performance obligation is fulfilled.

In addition, Egyptian Accounting Standard No. 48 includes disclosure of financial information, regarding to the nature, amount, timing, uncertainty of revenue and related cash flows.

Revenue recognition:

The management has evaluated the impact of applying the new standard on the company's financial statements, by applying the five-step model, and concluded that the current basis for revenue recognition is still appropriate, as the company's revenues are mainly represents the declared dividends from subsidiaries and associates companies, which are recognized when issuance of the company's right to receive distributions, which is the approval of the General Assembly of the subsidiary or associate company for these distributions.

Therefore, the management considers that the initial application of Egyptian Accounting Standard no. 48 has no significant change or impact on the Company's accounting policies applied to the separate financial statements.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

Egyptian Accounting Standard No. 49 "Leasing Contracts"

Egyptian Accounting Standard No. 49 replaced Egyptian Accounting Standard No. 20 "Accounting rules and standards related to finance lease". Under the new lease standard, assets leased by the lessee company are recorded in the company's statement of financial position with the corresponding liability recorded, as follows:

The lessee company recognizes the right of use asset and lease liabilities on the commencement date of the lease.

On initial recognition, the right of use is measured as the amount equal to the initial measurement of the lease liability, adjusted for past lease payments, the initial direct cost, lease incentives and the discounted present value of the estimated liability to dispose the asset. Then, the right of use of the assets will be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the right of use assets or the lease term, whichever is less.

The lease liability is measured on initial recognition at the present value of the future lease contract and related fixed service payments over the term of the lease, discounted by the interest rate implicit on the lease or the Company's incremental borrowing rate. In general, the company uses the incremental borrowing rate as the discount rate. The subsequent lease liability is measured at amortized cost using the effective interest rate method.

The right-of-use assets and lease liability will be subsequently remeasured if one of the following events occurs:

- The change in the price of the lease contract due to the indicator or rate that became effective in the period of the financial statements.
- Amendments to the lease contract
- Reassessment of the lease term

Short term and low value lease contracts

Leases that are short-term in nature (less than 12 months including extension options) and leases of low value items will continue to be recognized as an expense in profit or loss when incurred.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

4. Employees costs and board of directors' remunerations

(In thousands of EGP)

	<u>The financial year ended December 31, 2021</u>	<u>The financial year ended December 31, 2020</u>
Employees' costs	(42,374)	(58,927)
Board of directors' remunerations	(3,741)	(3,421)
	(46,115)	(62,348)

- Employee's costs during the year ended December 31, 2021 include an amount of EGP 2.8 million, represent end of services compensations.

Key management remunerations

(In thousands of EGP)

	<u>The financial year ended December 31, 2021</u>	<u>The financial year ended December 31, 2020</u>
Key management compensation	(13,316)	(27,953)
	(13,316)	(27,953)

- The key management includes Board of director's members and executive directors of the Company.

5. Income taxes

Income tax (separate statement of income)

(In thousands of EGP)

	<u>The financial year ended December 31, 2021</u>	<u>The financial year ended December 31, 2020</u>
Deferred tax	(973)	1,065
Current income tax	(973)	1,065

Deferred tax movement (separate statement of financial position)

(In thousands of EGP)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Balance at the beginning of the year	1,952	3,017
Charged to the statement of income during the year	973	(1,065)
Balance at the end of the year	2,925	1,952

- The effect of deferred tax is calculated based on the temporary differences between the assets tax basis set by the Egyptian Income Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the separate financial statements.

Reconciliation of effective tax rate

(In thousands of EGP)

	<u>2021</u>		<u>2020</u>
Net profit / (loss) for the year before tax	43,080		(120,376)
Income tax according to applied tax rate	9,693	22.5%	(27,085)
Effect of provisions and impairment losses	6,513		(10,171)
Non-deductible expenses	9,498		8,451
Revenue non-taxable for tax purposes	(43,883)		(10,682)
Foreign currency translations differences	8,145		32,145
Used from taxable carried forward losses	--		(47,893)
Tax losses for the year that will not be utilized	11,007		--
Income tax expense / (benefits)	973		(1,065)
Effective tax rate	2.3%		0.9%

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

Unrecorded deferred tax assets

The deferred tax assets were not recorded for the following items:

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Impairment losses on assets	190,177	187,244
Unrealized losses from foreign currencies differences	24,607	18,099
	<u>214,784</u>	<u>205,343</u>

6. Cash and cash equivalents

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	165	933
Current accounts - local currency	6,830	67,016
Current accounts - foreign currencies	90,605	28,320
Deposits - local currency	--	1,150
	<u>97,600</u>	<u>97,419</u>

7. Other financial assets

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash in banks in North Korea - non-current	99,913	111,741
Pledged deposits - non-current	3,150	3,151
Impairment loss of financial assets	(49,954)	(55,867)
Total – non- current	<u>53,109</u>	<u>59,025</u>

Impairment losses of other financial assets Recognized as following:

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Expected credit losses percentage	50%	%50
Cash in North Korean banks -non-current	99,913	111,741
Expected credit losses	(49,954)	(55,867)
Net cash in North Korean banks non-current	<u>49,959</u>	<u>55,874</u>

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

8. Due from related parties

a- Current

(In thousands of EGP)

	December 31, 2021	December 31, 2020
CHEO Technology Joint Venture (Koryolink)	280,994	278,540
Orascom Prisme Entertainment	35,173	35,158
Orascom Telecom Lebanon	10,993	8,607
Orascom Telecom Holding	3,848	3,848
Osorcon company	3,474	3,474
O Capital for services and contracting	2,906	2,644
Riza Capital	1,429	1,429
Victoire investment holding	414	--
Orascom Pyramids Entertainment	200	16,228
Victoire BV investments	--	5,957
Orascom Telecom mobile infrastructure services	996	996
Orascom TMT investments (formerly Weather Investment)	--	817
OSL for entertainment projects	207	--
Impairment loss		
Impairment loss in due from related parties *	(339,813)	(335,513)
	821	22,185

* The impairment balance in Due from related parties are as follows:

Impairment in due from related parties

(In thousands of EGP)

	December 31, 2021	December 31, 2020
CHEO Technology Joint Venture (Koryolink)	(280,994)	(278,540)
Orascom Prisme Entertainment	(35,173)	(35,158)
Orascom Telecom Lebanon	(10,993)	(8,607)
Orascom Telecom Holding	(3,848)	(3,848)
Osorcon company	(3,474)	(3,474)
O Capital for services and contracting	(2,906)	(2,644)
Riza Capital	(1,429)	(1,429)
Orascom Telecom mobile infrastructure services	(996)	(996)
Orascom TMT investments (formerly Weather Investment)	--	(817)
	(339,813)	(335,513)

b- Non-current

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Oracap Holding company *	441,838	430,235
Trans World Associate (Pvt.) Ltd – Pakistan	--	14,393
Impairment		
Impairment loss in Oracap Holding *	(441,838)	(430,235)
	--	14,393

* These balances are not re-translated as they are considered as bad debts and the Company in process of completing administrative procedures for writing-off from the Company's books.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

9. Debtors and other debit balances

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Letters of guarantee*	5,943	--
Prepaid expenses	277	1,273
Employees' custodies	631	1,331
Deposits with others **	--	6,593
Withholding tax	1,012	1,012
Fixed assets debtors	--	4,481
Others	5,040	6,641
Impairment		
Impairment loss in other debit balances	(6,085)	(3,038)
	6,818	18,293

* The amount represents in letters of guarantee cash cover as of December 31, 2021, for insurance of investment expenditure for the Sound and Light project, which is in the process of being contractually transferred to OSL Entertainment Projects company from Orascom Investment Holding company.

** Deposits with others balance includes an amount of EGP 5 million related to the Company's admitting a tender in order to obtain a license to present sound and light concerts in the pyramids area.

10. Other credit balances

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Accrued expenses	54,529	64,980
Withholding tax	20	34
Value added tax	504	132
Social insurance authority	54	213
Salaries tax	3,289	759
Other	2,028	2,126
	60,424	68,244

11. Due to related parties

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Orascom Telecom Ventures	518,717	521,062
O-Capital for Energy	6,201	6,255
Orascom Financial Holding	--	23,748
	524,918	551,065

Orascom Investment Holding S.A.E.
Notes to the Separate Financial Statements for the financial year ended December 31, 2021

12. Fixed assets

	Buildings	Improvements in buildings	Furniture and office equipment	Computers	Vehicles	Total
<u>(In thousands of EGP)</u>						
<u>Cost</u>						
Balance as of January 1, 2020	45,882	3,342	241	2,269	7,358	59,092
Additions during the year	--	--	8	72	--	80
Disposals during the year	(1,139)	(3,342)	--	(298)	(3,805)	(8,584)
Balance as of December 31, 2020	44,743	--	249	2,043	3,553	50,588
Balance as of January 1, 2021	44,743	--	249	2,043	3,553	50,588
Disposals during the year	--	--	--	(31)	(1,886)	(1,917)
Balance as of December 31, 2021	44,743	--	249	2,012	1,667	48,671
<u>Accumulated depreciation</u>						
Balance as of January 1, 2020	7,205	1,744	241	1,589	5,308	16,087
Depreciation charge for the year	847	614	1	312	1,034	2,808
Disposals depreciation	(78)	(2,358)	--	(198)	(3,462)	(6,096)
Balance as of December 31, 2020	7,974	--	242	1,703	2,880	12,799
Balance as of January 1, 2021	7,974	--	242	1,703	2,880	12,799
Depreciation charge for the year	972	--	3	245	329	1,549
Disposals depreciation	--	--	--	(31)	(1,636)	(1,667)
Balance as of December 31, 2021	8,964	--	245	1,917	1,573	12,681
<u>Net book value</u>						
As of January 1, 2020	38,677	1,598	--	680	2,050	43,005
As of December 31, 2020	36,769	--	7	340	673	37,789
As of January 1, 2021	36,769	--	7	340	673	37,789
As of December 31, 2021	35,797	--	4	95	94	35,990

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2021

- In December 2020, it was agreed between Orascom Investment Holding and Sphinx Real Estate to terminate the previous exchange and barter contract signed on November 8, 2016, regarding the exchange of the headquarters of Orascom Investment Holding located on the 26th floor of the Nile City building to the 29th floor located in the same building.

This is due to that the Sphinx Real Estate did not implement its contractual obligations contained in the above-mentioned exchange and barter contract regarding the transfer of ownership of the 29th floor to Orascom Investment Holding and it was also agreed between the two parties that Sphinx Real Estate would refund all expenses related to the equipment of meeting rooms, kitchens and staff breaks in the amount of EGP 1,139,238 as well as the amount of EGP 3,341,886 for the furnishings and finishes which were disbursed by Orascom Investment Holding on the 29th floor.

13. Investments in subsidiaries

<u>(In thousands of EGP)</u>	<u>Country</u>	<u>Ownership percentage %</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Trans World Associate (Pvt.) Ltd (**)	Pakistan	51	--	60,862
Orascom Telecom Ventures S.A. E	Egypt	99.99	222,802	222,802
Orascom Telecom Mobile Infrastructure Services	Egypt	99.2	63	63
OSL for Entertainment (***)	Egypt	99.99	250	--
Victoire Investment Holding (*)	Netherlands	99.99	325,911	526,017
O-Capital for Energy	Egypt	99.2	4,376	4,375
Orascom Prisme Pyramids Entertainment	Egypt	70	3,105	3,105
O-Capital for services and construction	Egypt	99.2	125	63
Orascom Prisme Entertainment	Egypt	99	79,200	59,400
Paid under increase of investments in subsidiaries (****)			34,650	20,000
<u>Impairment loss</u>				
O-Capital for Energy			(4,375)	(4,375)
Orascom Telecom Mobile Infrastructure Services			(63)	(63)
Orascom Prisme Pyramids Entertainment			(3,105)	(3,105)
			662,939	889,144

(*) During 2021, the Company communicated with Bluestone Investment Company in order to obtain the difference between the actual return and the return in accordance with the contract concluded between them upon the acquisition of the seven floors in Brazil during 2015, which stipulates a guarantee of obtaining a fixed return annually at the end of the fourth year of the contract in the event that the Company does not the ability to rent the seven floors mentioned above and achieve the return mentioned in the contract, during the term of the contract.

In October 2021, the Company received a letter from Blue Stone Investment Company stating that Blue Stone agrees to transfer the ownership of 6 offices to the Company in the same building representing the aforementioned representing the difference on return. On November 26, 2021, an agreement was signed to transfer 6 offices with a total area of 2,286 square meters in the same building with an average price per square meter of 31,511 Brazilian riyals, equivalent to EGP 87,531, with a total amount of EGP 200.1 million, which were recorded as investment property, in the separate financial statements and the investment in Victoire Investment Holding was reduced by the same amount (this transaction was considered a non-cash transaction in the standalone statement of cash flows). The aforementioned agreement includes the right for Blue Stone to re-purchase 2 offices with a total area of 752 square meters with a price of BRL 34,738 per square meter, and this right expires on February 28, 2022.

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On February 25, 2022, the Company received a letter from Bluestone Investment company stating its desire to exercise the aforementioned repurchase right, and until the date of approval of the separate financial statements, Bluestone Investment did not complete the legal procedures to transfer the ownership of this part of the asset.

- (**) On April 27, 2021, the Company's board of directors approved the sale of all the shares owned by the Company in Trans World Associates, to Ora star Limited. Trans World Associates (Private) Ltd. "TWA" which is 51% of the TWA's capital, and accordingly, the investment balance in TWA was reclassified into assets held for sale (see note no. 27), and the sale process was completed in the subsequent period (see also note no. 30).
- (***) During September 2021, Orascom Investment Holding S.A.E. established OSL for Entertainment Projects to manage, operate and develop the sound and light project in the pyramids area. During June 2021, Orascom Investment Holding Company signed a 15-year agreement With the Misr Company for Sound and Light and Tourism Development which is a subordinate to the Ministry of Business Sector in the Arab Republic of Egypt, to develop the sound and light area in the pyramids at a cost of about 15 million US dollars to be paid within 16 months from the date of receiving the site, provided that the Misr Company for Sound and Light obtains a percentage of 17 % of project's revenue with a minimum of 36 million Egyptian pounds annually and with an increase of 7% cumulatively. On November 17, 2021, a contract was made to transfer all rights and obligations arising from the contract for the development and management of the sound and light project to OSL for Entertainment Projects, which will be the legal representative to face any obligations arising from the operating contract.
- (****) During 2021, the board of directors of Orascom Pyramids Entertainment increased the company's capital by EGP 34.7 million and the amounts was paid by Orascom Investment Holding to the subsidiary, and the legal procedures are being performed to add the capital increase in the subsidiary's commercial register.

14. Investment property

According to what was mentioned in detail in note no. (13) above, during November 2021, the Company received investment property represented by a floor and a half in Brazil with a total value of 200.1 million Egyptian pounds. The Company then paid EGP 6.4 million for transfer of ownership and public deed fees in Brazil, which was added to the cost of assets, bringing the total investment property balance as of December 31, 2021, to EGP 206.5 million.

The investment property was depreciated by EGP 344 thousand during the year 2021, bringing the net book value of the investment property assets as of December 31, 2021 to EGP 206.2 million. Moreover, the book value of the investment property assets as of December 31, 2021 represents the fair value of the investment property assets according to the contract of transferring the ownership of the asset in November 2021.

15. Investment in associates

(In thousands of EGP)

	Country	Ownership %	December 31, 2021	December 31, 2020
CHEO Technology Joint Venture (Koryolink) ^(*)	North Korea	%75	613,632	613,632
			613,632	613,632

- (*) The Company's investments in North Korea for 75% of the voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended September 30, 2015. Therefore, recognizing it as an investment in associates instead of investment in subsidiaries, by ratification from Company management that there is significant influence instead of full control , Thus in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States of America, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks.

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In addition to, the restrictions implemented on the company that affect the ability of the associate company to transfer profits to the parent (return of funds to its native) and the absence of a free-floating currency exchange market in North Korea, announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

On September 11, 2017, the United Nations Security Council issued a resolution obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. At the present, the Company's management submitted an official request through the ministry of the foreign affairs in the government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution.

On December 26, 2018, the request to the Security Council Committee established to follow up the implementation of sanctions on North Korea was approved, with the exception of Koryolink, to ban foreign investment in North Korea and to allow Orascom Investment Holding to continue its activities in North Korea. And Consider the company as a telecommunications infrastructure company offering a public service.

16. Borrowings

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Borrowings-current	280	1,234
Borrowings-non-current	--	230
Liability from sale and lease back – non-current	--	80,615
	280	82,079

Banks	Balance as of December 31, 2021		Total loan (EGP 000)	Value in issued currency (000)	Currency	Maturity	Interest	Secured/ Unsecured
	Current portion	Non-current portion						
	(EGP 000)	(EGP 000)						
Loan from Local Bank	280	--	--	4,710	EGP	Jun. 2022	The interest of certificates + 1.5% at least 11% annually	Secured
Total	280	--	--					

Banks	Balance as of December 31, 2020		Total loan (EGP 000)	Value in issued currency (000)	Currency	Maturity	Interest	Secured/ Unsecured
	Current portion	Non-current portion						
	(EGP 000)	(EGP 000)						
Sale and lease back agreement	--	80,615	80,615	--	EGP	Sep. 2027	12%	Secured
Loan from Local Bank	252	--	252	4,738	EGP	June. 2022	The interest of certificates + 2% at least 12% annually	Secured
Loan from Local Bank	982	230	1,212	4,710	EGP	June. 2022	The interest of certificates + 1.5% at least 11% annually	Secured
Total	1,234	80,845	82,079					

A- Current loan-Local bank

A credit facility contract in the form of a medium-term loan to finance the purchase of assets related to the Company was signed with an Egyptian bank on July 27, 2015, according to which a facility of EGP 5 million is available for a period of sixty-seven months ending on February 27, 2021.

On August 9, 2015, an amendment to the previously mentioned financing contract was signed with an increase of EGP 600 thousand.

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Withdrawal period: It is scheduled for six months starting from the date of signing this contract and ending on 23 January 2016.

Repayment period: the company is obligated to pay to the bank's order each sub-loan to be used within the limits of the credit facility amount in sixty monthly installments of equal value.

Interest and payment periods: A return of 2% per annum above the rate of return established on the certificates with the bank, and the return is due to be paid every month, so that the applicable return in any case during the term of this contract and until it is fully paid out of the original returns commissions and expenses is not less than 12% .

B- Liability from sale and lease back – non-current

During 2020, the Company sold the Company's headquarters for the purpose of re-leasing to Beltone Financial Leasing and Global Corp for Financial Services with an amount of EGP 91,346,500 where the lessors agreed to lease the asset owned by them, located in 2005 A Nile City Towers - South Tower - 26th floor Its area is 1304.95 square meters for a period of 7 years starting from December 25, 2020, and ending on September 25, 2027, this asset was leased with a total value of EGP 142,516,824 and the lessors have deducted an amount of EGP 10,346,500 as an advance payment, and therefore the net rents due until the end of the contract become EGP 132,170,324 between the two companies referred to above, according to the following:

Company name	Financing amount (EGP)	Percentage
Beltone Leasing Company	43,986,671	30,86 %
Global Corp for financial services	98,530,153	69,14 %

On November 4, 2021, the Company made the accelerated payment of the entire balance of the financial lease in addition to the accrued interests related to it, with a total amount of 91 million Egyptian pounds, which was related to the pledging of the asset owned by the company in favor of Beltone Financial Leasing Company and Global Corp for Financial Services, where the company implemented the right of accelerated payment for the total amount and the legal procedures for releasing the pledge on the asset are being completed.

C- Non-Current loan

During 2021, the Company signed a financing contract worth EGP 251 million from the National Bank to finance 72.5% of the capital expenditure related to the sound and light development project in the pyramids area. The term of the contract is 9 years, starting from July 27, 2021 and ending on July 26, 2030, and the interest rate is calculated at 1% above the annual corridor rate. It should be noted that the Company has not withdrawn any funds from the financing until December 31, 2021.

D- Adjustments on the movement of borrowing to access the net cash (used in) /generated by borrowing activities:

(In thousand EGP)	December 31, 2021	December 31, 2020
Balance at the beginning of the year	82,079	376,937
Borrowings-current	1,234	376,286
Borrowings- non-current	80,845	651
Proceeds from borrowings	--	80,615
Repayment of borrowings	(81,799)	(375,473)
Balance at the end of the year	280	82,079
Borrowings-current	280	1,234
Borrowings- non-current	--	80,845

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17. Issued and paid-up capital

As of December 31, 2021, the authorized capital is EGP 2,885 billion and the issued capital is EGP 577,025,968 consisting of 5,245,690,620 shares of EGP 0.11 par value each. The authorized, issued and paid-up capital was recorded in the Company's commercial register on December 10, 2020.

The following table shows the company's largest shareholders as of December 31, 2021:

Shareholders	Ordinary shares with voting rights	Ordinary shares with voting rights percentage
Bank of New York Mellon	2,846,499,353	54.26 %
Others	2,399,191,267	45.74%
Total available ordinary shares	5,245,690,620	%100

18. Provisions

<u>(In thousand EGP)</u>	<u>December 31, 2019</u>	<u>Formed</u>	<u>No longer required</u>	<u>Used</u>	<u>December 31, 2020</u>
Provisions					
Provisions for claim*	242,764	29,551	--	(14,067)	258,248
Total provisions as of December 31, 2020	242,764	29,551	--	(14,067)	258,248
<u>(In thousand EGP)</u>	<u>December 31, 2020</u>	<u>Formed</u>	<u>No longer required</u>	<u>Used</u>	<u>December 31, 2021</u>
Provisions					
Provisions for claim*	258,248	15,968	--	--	274,216
Total provisions as of December 31, 2021	258,248	15,968	--	--	274,216

- * Provisions are recognized according to the best estimate of the value of the commitments expected at the date of the separate financial statements, arising from the exercise of the Company's activities and its contractual relationship with others and the management annually review and settle these provisions according to the latest developments, discussions and agreements with the parties concerned. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Company believes that doing so, will strongly affect the final settlement of these provisions for claims.

19. Impairment of assets

<u>(In thousands of EGP)</u>	<u>December 31, 2020</u>	<u>Formed</u>	<u>No longer required</u>	<u>December 31, 2021</u>
Impairment of assets				
Due from related parties	765,748	16,720	(871)	781,651
Investments in subsidiaries	7,543	--	--	7,543
Other debit balances	3,038	3,047	--	6,085
Other financial assets	55,870	--	(5,912)	49,958
Total impairment of assets	832,199	19,767	(6,729)	845,237

20. Credit interest

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit interest	528	62,564
	528	62,564

- * Credit interests included during the year ended December 31, 2020, an amount of EGP 61,694 thousand represented in the value of the profit resulting from the accelerated payment of the loan granted by a foreign bank for the direct or indirect acquisition of the shares of the companies owning the Brazil building.

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21. Other expenses

(In thousands of EGP)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
IT management expenses	1,099	1,539
Stamp expenses	325	24
Maintenance expenses	2,621	2,614
Car maintenance expenses	145	583
Banking fees	994	228
Flight expenses	25	612
Office expenses and supplies	1,373	2,142
Calls and internet charges	1,030	1,149
Rent expenses	554	642
Value added tax expenses	878	775
Other	6,075	4,903
	<u>15,119</u>	<u>15,211</u>

22. (Losses) / earnings per share

(Losses) / earnings per share is calculated according to the Egyptian Accounting Modified Standard (22) as follows:

	<u>The financial year ended December 31, 2021</u>	<u>The financial year ended December 31, 2020</u>
Net (losses) for the year from continuing operations (in thousands of EGP)	(152,978)	(105,084)
Weighted average number of shares outstanding (in thousands of shares)	5,245,691	5,245,691
Losses per share for the year from continued operations of (EGP)	<u>(0.029)</u>	<u>(0.02)</u>
	<u>The financial year ended December 31, 2021</u>	<u>The financial year ended December 31, 2020</u>
Net profit for the year from discontinued operations (in thousands of EGP)	195,085	220,857
Weighted average number of shares outstanding (in thousands of shares)	5,245,691	5,245,691
Earnings per share for the year from discontinued operations of (EGP)	<u>0.037</u>	<u>0.042</u>

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Notes to the Separate Financial Statements for the financial year ended December 31, 2021

23. Significant transactions with related parties

<u>Company Name</u> (In thousands of EGP)	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u> <u>2021</u>	<u>Volume of Transactions</u> <u>2020</u>	<u>Balance Debit (credit)</u> <u>December 31, 2021</u>	<u>Balance Debit (credit)</u> <u>December 31, 2020</u>
CHEO Technology JV (KoryoLink)	Associate	Expenses paid on behalf of the related party	17,126	3,674	280,994	278,540
Orascom Telecom Lebanon	Subsidiary	Expenses paid on behalf of the related party	1,837	1,803	10,993	8,607
		Cash payment to the related party	548	--		
Trans World Associate (Pvt.) LTD	Subsidiary	Interest on loans during the year	66	603	--	14,393
		Expenses paid on behalf of the related party	--	22		
		Dividends	--	14,381		
Orascom Telecom Ventures	Subsidiary	Expenses paid on behalf of the related party	2,344	61,577	(518,717)	(521,062)
Oracap Holding	Subsidiary	Expenses paid on behalf of the related party	11,603	15,526	441,838	430,235
		Cash payments from the related party	--	21,070		
Victoire Investment Holding	Subsidiary	Expenses paid on behalf of the related party	414	--	414	--
		Dividends received	195,036	48,003		
Orascom Pyramids Entertainment	Subsidiary	Expenses paid on behalf of the related party	547	3,188	200	16,228
		Paid under capital increase	13,002	--		
		Sale of fixed assets	--	114		
Orascom Financial Holding	Affiliate	Expenses paid on behalf of the related party	7,951	--	--	23,748
O Capital Services and Contracting	Subsidiary	Expenses paid on behalf of the related party	259	--	2,906	2,644
Victoire BV	Subsidiary	Expenses paid on behalf of the related party	960	--	--	--

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Notes to the Separate Financial Statements for the financial year ended December 31, 2021

24. Financial instruments and management of associated risks

The Company's financial instruments are represented in financial assets and liabilities. The financial assets comprise; cash at banks, deposits due from related parties and certain other debit balances. The financial liabilities comprise, due to related parties, accounts payable and certain other credit balances.

24-1 Financial risk management

Financial risk factors

The Company is exposed to a several financial risks: market risk (including foreign exchange risk, cash flows, fair market value risk), liquidity risk and credit risk. Specially that the company is exposed to risks from the fluctuation in foreign exchange rates and interest rates and market prices, as well as, the company's comprehensive risk management program focuses on the unpredictability of the financial markets and seeks to minimize the potential negative impact on the performance of the Company.

Market Risk:

Foreign currency exchange risks

The Company may be exposed to foreign exchange risk arising when its trading transactions are in currencies other than the Parent Company's main currency (the Egyptian pound) by repaying such transactions in the major currencies such as the USD, Euro and GBP.

(In Thousand EGP)	December 31, 2021	December 31, 2020
USD (*)	75,165	52,026
Euro (**)	50,492	60,200
GBP	270	475
CNY	5	5
UAE	14,329	--
BRL	661	--

(*) The US dollar balances in Egyptian pounds as of December 31, 2021, consist of:

Cash	75,165	24,988
------	--------	--------

(**) Euro balances in Egyptian pounds as of December 31, 2021, consist of:

Cash	516	3,552
Other financial assets	49,959	55,874

(***) UAE balances in Egyptian pounds as of December 31, 2021, consist of:

Cash	14,329	--
------	--------	----

An increase or decrease of 10% of the foreign exchange rate against the Egyptian pound as of December 31, 2021, may lead to an increase (decrease) the profits by EGP 14.1 million (EGP 5.5 million as of December 31, 2020), in light of the stability of all other variable interest.

Cash flows and interest rate risks:

Interest rate risk arises on the Company through loans granted by banks at variable interest rates. The Company may be exposed to the risk of changes in interest rates which may affect the Company's ability to repay these obligations.

As shown in note (17), the balance of loans as of December 31, 2021, amounting to EGP 280 thousand (EGP 82.1 million as of December 31, 2020) which are loans with variable interest rates.

As of December 31, 2021, an increase of 1% of interest rates may result in a (decrease) of profits of EGP 3 thousand (EGP 15 thousand as of December 31, 2020).

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Credit risk

Credit risks related to cash and financial deposits arise in the debtor's inability to perform its financial dues towards the Company and its financial insolvency, and accordingly the debtors are unable to return the deposited funds or fulfill the obligations under the transactions. Since the company is a holding company, most of the balances are due from related parties, and therefore there is no possibility of the company being exposed to credit risk in relation to trade receivables.

Liquidity risk

Liquidity risk represents that the company's cash in and out flows can't maintain the proper liquidity needed for the monetary balances, but because the company have significant balance of foreign currency which give it the ability to pay all the liabilities including the interest and any other charges, and the following table analyzes the financial liabilities that are expected to be paid according to their due dates at 31 December 2021:

<u>(In thousands of EGP)</u>	<u>Carrying amount</u>	<u>Expected cash flow</u>	<u>One year or less</u>	<u>From 1 to 5 years</u>
Accounts payable-non-interest bearing	232	232	232	--
Current borrowing-variable interest rate	280	280	280	--
Other Credit Balances-non-interest bearing	56,646	56,646	56,646	--
Due to related parties-non-interest bearing	524,918	524,918	524,918	--
Balance as of December 31, 2021	582,076	582,076	582,076	--

<u>(In thousand EGP)</u>	<u>Carrying amount</u>	<u>Expected cash flow</u>	<u>One year or less</u>	<u>From 1 to 5 years</u>
Accounts payable-non-interest bearing	4,425	4,425	4,425	--
Current borrowing-variable interest rate	1,234	1,234	1,234	--
Other Credit Balances-non-interest bearing	68,244	68,244	68,244	--
Non-current borrowing-variable interest	230	230	--	230
Liabilities from sale and lease back	80,615	132,170	4,690	127,480
Due to related parties-non-interest bearing	551,065	551,065	551,065	--
Balance as of December 31, 2021	705,813	757,368	629,658	127,710

Other risks

Political and economic risks in the emerging countries:

The Company has investments in different countries, it depends on the market economies of the countries in which the subsidiaries operate. These markets are characterized by economies at different stages of development or undergoing restructuring. The operational results of the Company are therefore affected by current and future economic and political developments in these countries. The results of operations can be adversely affected by changes in political or governmental structures or weaknesses in the local economies of the countries in which they operate. These changes can also have an unfavorable impact on financial position, performance and business opportunities.

Organizational risks in the emerging countries:

According to the legal nature and tax authorities of the emerging countries in which the company operates, it is possible that laws and regulations can be amended. Factors such as the current tendency to refrain from taxing the profits of these subsidiaries may include obtaining excessive tax assessments and granting subsidies to certain foreign currency transactions and practices. These factors can have an unfavorable impact on the financial activities of the company and on the ability to receive funds from subsidiaries.

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The revenue generated by the majority of the company is disclosed in the local currency of the companies. The Company expects to receive most of the revenue from its subsidiaries in the local currency and it depends on their ability to be able to transfer funds in various countries, such as North Korea (one of the subsidiaries), where there are many restrictions in the payment of interest, dividends and loan repayments credit instruments and bonds denominated in foreign currencies through currency conversion. In addition, in some countries there might be some restrictions imposed on the company that affects its ability to transfer large amounts of foreign exchange due to the regulations of the Central Bank and the central which are likely to modify systems in the future and therefore may change the ability of company to receive funds from its subsidiaries.

Company's activities in North Korea:

Due to the presence of investments of the company in North Korea, which relate to a percentage of investments 75% in the local telecommunications company (Koryolink) and where North Korea is subject to international sanctions imposed by the European Union and the United States as well as the United Nations. These sanctions entail restricting financial transactions, import and export of goods and services, including goods and services needed to operate and maintain and develop mobile phone networks. However, there is no material impact on Koryolink's operations so far. There is no guarantee that if the international sanctions imposed on North Korea are changed, it will be able to finance its operations and activities as well as its ability to transfer funds to and from the company or operate a network North Korea's mobile phone and a review of what is said, it could adversely affect investments in Korea and the company is unable to continue operating its facilities in North Korea.

In addition, North Korea's cash transfers from local currency to foreign currencies are subject to censorship by government authorities, along with North Korea's local currency is un-exchangeable abroad and accordingly limits the level of profits that can be paid from the associate of the parent company from its operations in North Korea. (Refer to note 15).

25. Financial instruments categories:

The tables below show the classification of financial assets and liabilities by category:

A- Financial assets as presented in the statement of financial position as of December 31:

(In thousands of EGP)	<u>2021</u>	<u>2020</u>
Cash and cash equivalent	97,600	97,419
<u>Financial assets at amortized cost</u>		
Due from related parties	821	36,578
Other financial assets	53,109	59,025
Other debit balances	6,429	17,020
Total	157,958	210,042

B- Financial liabilities at amortized cost as presented in the statement of financial position as of December 31:

(In thousands of EGP)	<u>2021</u> <u>Amortized</u> <u>cost</u>	<u>2020</u> <u>Amortized</u> <u>cost</u>
Accounts payables	232	4,425
Current borrowings	280	1,234
Non-current borrowing	--	230
Liability from sale and lease back	--	80,615
Other credit balances	56,646	68,244
Due to related parties	524,918	551,065
Total	582,076	705,813

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Notes to the Separate Financial Statements for the financial year ended December 31, 2021

26. Tax position

26-1 Corporate tax

Tax return is submitted by the Company to the tax authority on legal due dates, in accordance with law No. 91 for the year 2005, as amended, its executive regulations and its amendments since the beginning of the activity in 2011 to date. The Company began submitting the tax return electronically on the Egyptian Tax Authority website, starting from 2018, in accordance with the laws issued in this regard.

The period since inception in 2011 to 2014

The Company was inspected for the years from the beginning of the activity in 2011 to 2014, and the connection and payment were made.

Years from 2015 to 2018

The Company received a notify from the tax authority to inspect the years 2015-2018. Analysis and documents related to the examination were submitted and is awaiting the start of the inspection by the tax authority.

26-2 Payroll tax

The period since inception to 2013

The Company was inspected from the beginning of the activity until 2013, it was linked to the Company based on the decision of the appeal committee, and the company paid the tax differences

Years from 2014 to 2017

The Company has been notified by form no. 32 for the period from 2014 to 2017. Also, the Company was inspected until 2018, and disputes are currently discussed in the internal committee in the tax authority.

The salary settlements and related forms for the period ended December 31, 2021 were submitted electronically on the Egyptian Tax Authority website starting from the year 2020 according to Law 91 of 2005, and its executive regulations and the Unified Tax Procedures Law no. 206 of 2020 and its amendments by Law no. 211 of the year 2020.

26-3 Withholding taxes

The period since inception in 2011 to 2021

The Company applies the provisions of Law No. 91 for the year 2005, its amendments and its Executive Regulations and its amendments with respect to the deduction of withholding and collection under the tax account. The Company submit the tax within the legal time frame.

26-4 Stamp Tax

The period since inception to December 31, 2013

The Company was inspected for these years and tax differences were paid by the Company.

The period from January 1, 2014 till December 31, 2019

The Company has received a notify from the tax office to inspect the years from 2014 to 2019. Analysis and documents related to the examination have been submitted and awaiting the start of the inspection by the tax office.

26-5 Real estate tax

The Company was notified of an estimated form of real estate tax no. 2005, and the Company pays the due differences in accordance with the decision of the appeal committee.

27. Capital Commitment:

There are capital commitments represented in the remaining amounts of the capital of both O-Capital for energy, O-Capital for Services and Construction and Orascom Prisme Pyramids amounting to EGP 13.125 million and EGP 189 thousand and EGP 9.315 million respectively, to complete the percentage from 25% to 100%.

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28. Assets and liabilities held for sale

As explained previously in Note No. 13, the company reclassified the assets and liabilities of the subsidiary, Trans World Associates (Private) Limited - Pakistan into assets and liabilities held for sale as follows:

a) Assets held for sale

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets held for sale	60,862	-
	60,862	--

b) Liabilities associated with assets held for sale

(In thousands of EGP)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Liabilities associated with assets held for sale	46,964	-
	46,964	--

* Obligations associated with assets held for sale are represented by the amount collected as an advance for the sale of one of its subsidiaries (Trans World Associates (Private) Limited - Pakistan) equivalent to USD 3 million and during January 2022, the Company completed the sale process by transferring the ownership of shares to related to the subsidiary company referred to above.

29. Contingent liabilities

(In thousands of EGP)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contingent liabilities *	53,538	-
	53,538	--

* Represents the uncovered portion of letters of guarantee from the National Bank of Egypt.

30. Net profit from discontinued operations

1- On August 18, 2021, the subsidiaries in Brazil - owned by the company through Victore Investment Holding B.V., signed a contract to sell the floors owned by these companies in Brazil for a total amount of about 426 million Brazilian riyals, equivalent to the amount of EGP 1.2 billion, and in the subsequent period the sale agreement was completed, and accordingly, the dividend income from Victore Investment Holding was considered as discontinued operations as it resulted directly from the dividends of these companies to Victore Investment Holding.

2- As previously explained in note no. 13, the Company reclassified the transactions with Trans World Associates (Private) Limited - Pakistan to discontinued operations.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2021

- 3- On October 19, 2020, the Extraordinary General Assembly approved the demerger of the Company according to the horizontal demerger method with the book value of the share and taking the financial position for the year ended on December 31, 2019 as the basis for the date of the demerger, accordingly, Orascom Investment Holding S.A.E. (the demerging Company) is existing and its issued capital shall be reduced by reducing the nominal value of its shares, provided that the demerging Company will hold investments in various investment activities, and shall maintain its license as a company whose purpose is "to participate in the establishment of all joint stock companies or to recommend shares that issue securities or to increase their capital", while the demerger resulted in the establishment of a new company in the name of Orascom Financial Holding S.A.E. (the demerged Company) in the form of an Egyptian joint stock company subject to the provisions of the Capital Market Law No. 95 of 1992 and its executive regulations. As a result of the delay in the completion of the demerger procedures and the establishment of Orascom Financial Holding S.A.E. (the demerged company), which was established in December 2020, the management of the two demerging and demerged companies agreed that the date of the demerger in the books of both companies is December 31, 2020.

Accordingly, the Company's investments in both Beltone Financial Holding Company and Contact Financial Holding Company (formerly Sarwa Capital Financial Holding) were transferred to the demerged company, Orascom Financial Holding Company, as well as the current account with Victoire Investment Holding and the current account with Beltone Financial Holding were transferred to the demerged company.

(In thousands of EGP)

Continuing operations

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Dividends from Victoire Investment Holding	195,036	48,003
Dividends from Contact Financial Holding	--	34,686
Dividends from Trans world associate-Pakistan	--	14,381
Dividends from Beltone Financial Holding	--	129,087
Credit interest from Beltone Financial Holding	--	2,138
Credit interest from Trans world associate-Pakistan	66	603
Net translation differences of balances in foreign currencies	(17)	(2,373)
Tax on dividends distributed	--	(5,668)
Net profit for the year from discontinued operations after tax	195,085	(220,857)

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Notes to the Separate Financial Statements for the financial year ended December 31, 2021

- The following is a statement of the representations on the comparative numbers as a result of discontinued operations for the fiscal year ending on December 31, 2020:

	<u>Separate statement of income for the year ended December 31, 2020, as issued</u>	<u>Change resulting from discontinued operations</u>	<u>Separate statement of income for the year ended December 31, 2020, represented after the change resulting from discontinued operations</u>
Dividend's income	62,384	(62,384)	--
Other income	2,493	--	2,493
Total revenues	64,877	(62,384)	2,493
(Less)			
Employees' cost and board of directors' remunerations	(62,348)	--	(62,348)
Professional and technical fees	(42,561)	--	(42,561)
Subscription fees	(3,092)	--	(3,092)
Fixed assets depreciation	(2,808)	--	(2,808)
Provisions formed	(29,551)	--	(29,551)
Impairment losses of financial assets	(13,917)	--	(13,917)
Other expenses	(15,211)	--	(15,211)
Operating (losses)	(104,611)	(62,384)	(166,995)
Credit interest	63,167	(603)	62,564
Finance costs	(4,975)	--	(4,975)
Foreign currency translation differences	2,630	627	3,275
Net finance income	60,822	24	60,846
Net (loss) for the year from continued operations before tax	(43,789)	(62,360)	(106,149)
Income tax	(4,603)	5,668	1,065
Net (loss) for the year from continued operations after tax	(48,392)	(56,692)	(105,084)
Discontinued operations			
Net profit for the year from discontinued operations after tax	164,165	56,692	220,857
Net income for the year	115,773	--	115,773

31. Subsequent Events

During January 2022, Orascom Investment Holding announced the completion of the conditions precedent for the sale of the shares it owns its subsidiary Trans World Associates (Private) Limited in Pakistan and the completion of the sale transaction for a total value of about USD 35 million and the Company is currently in the process of transferring the ownership of the share