



**ORASCOM
INVESTMENT**

**Orascom Investment Holding
"S.A.E"
Consolidated financial statements
As of and for the year ended December 31, 2021
Together with auditor's report**



Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Auditor's report

To the shareholders of Orascom Investment Holding S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orascom Investment Holding S.A.E. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated 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 Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Hazem Hassan

Basis of Qualified Opinion

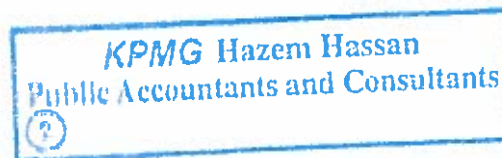
- 1- The management didn't provide us with financial information audited by the component auditor of Orascom Telecom Lebanon (a component) as of and for the year ended December 31, 2021, due to the current circumstances in Lebanon, we couldn't obtain reasonable assurance over the existence, accuracy, completeness and ownership of the balances and amounts of the component company as of and for the year ended December 31, 2021, for a total amount of assets of EGP 134.5 million, which represents 3% from total assets of the Group and a total amount of liabilities of EGP 204.6 million, which represents 10% from total liabilities of the Group's accounting information as of December 31, 2021. We couldn't perform alternative audit procedures to obtain reasonable assurance over the existence, accuracy, completeness and ownership of the balances and amounts for consolidation purposes of the consolidated financial statements.
- 2- We have not obtained banks confirmations on bank balances amounting to EGP 8 907 976; therefore, we couldn't obtain reasonable assurance over the completeness of transactions and disclosures related to these banks as of and for the year ended December 31, 2021. We couldn't perform alternative audit procedures to obtain reasonable assurance over the completeness of the balances, transactions and disclosures related to these banks.

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 audit evidences described in the Basis of Qualified Opinion paragraphs, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Investment Holding S.A.E. and its subsidiaries (the Group) as of December 31, 2021, and of its consolidated financial performance and its consolidated 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 consolidated financial statements.

Emphasis of matter

Without modifying our opinion, as mentioned in detail in note (14) from the accompanying notes of the consolidated financial statements, the Group has a significant influence over its investee "Koryolink" in North Korea, the investment is amounting to EGP 613.6 million, which the Group classified as investments in equity accounted investees as of December 31, 2021. Also, the Group has bank balances in North Korea amounting to EGP 50 million, which the Group 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 Group's ability to get the recoverable amount of these assets.





KPMG Hazem Hassan

Public Accountants and Consultants

Cairo March 31, 2022

Orascom Investment Holding "S.A.E"
Consolidated Statement of Financial Position As of

(In thousands of EGP)	Note no.	December 31, 2021	December 31, 2020
Assets			
<u>Non-current assets</u>			
Property, Plant and equipment	(15)	215,616	965,465
Intangible assets	(16)	-	37,381
Investment property	(17)	206,162	673,254
Equity accounted investees	(14)	613,632	613,632
Other financial assets	(18)	53,109	102,579
Other assets	(21)	4,000	238,451
Total non-current assets		1,092,519	2,630,762
<u>Current assets</u>			
Inventories		-	12,154
Trade receivables	(20)	106,254	393,203
Other financial assets	(18)	86,100	118,155
Other assets	(21)	28,524	141,149
Cash and cash equivalents	(22)	1,112,630	343,056
		1,333,508	1,007,717
Assets held for sale	(7)	1,586,106	-
Total current assets		2,919,614	1,007,717
Total assets		4,012,133	3,638,479
Equity and liabilities			
Share capital	(23)	577,025	577,025
Reserves		432,319	572,245
Retained earnings		614,186	123,564
Equity attributable to owners of the parent Company		1,623,530	1,272,834
Non-controlling interests		316,697	285,060
Total equity		1,940,227	1,557,894
Liabilities			
<u>Non-current liabilities</u>			
Borrowings	(25)	159,310	376,367
Other liabilities	(26)	-	100,421
Provisions		2,818	-
Deferred tax liabilities	(19)	75,382	118,284
Total non-current liabilities		237,510	595,072
<u>Current liabilities</u>			
Borrowings	(25)	280	160,734
Other liabilities	(26)	395,810	896,420
Tax liabilities- income tax		49,702	54,364
Provisions	(27)	435,571	373,995
		881,363	1,485,513
Liabilities associated with assets held for sale	(7)	953,033	-
Total current liabilities		1,834,396	1,485,513
Total liabilities		2,071,906	2,080,585
Total equity and liabilities		4,012,133	3,638,479

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer

Chairman

Auditor's report "attached"

**Orascom Investment Holding S.A.E.
Consolidated Statement of Income for The Year Ended**

(In thousands of EGP)	Note no.	December 31, 2021	December 31, 2020 Represented
<u>Continuing operations</u>			
Operating revenues	(8)	27,922	4,691
Other income	(33)	200,742	-
Purchases and services costs	(9)	(75,088)	(60,246)
Other expenses	(10)	(9,369)	(6,490)
Provisions formed	(27)	(37,390)	(22,483)
Personnel costs	(11)	(90,618)	(113,694)
Depreciation and amortization	(12)	(5,300)	(3,652)
Impairment loss in financial assets	(20)(18)	(55,940)	(5,902)
Gains from disposal of non-current assets		-	2,512
Operating (loss)		(45,041)	(205,264)
Finance income	(13)	2,906	68,840
Finance costs	(13)	(13,066)	(5,039)
Gain from foreign currencies translation	(13)	16,467	517
Share of profit of equity accounted investments	(14)	425,586	2,698,231
Net impairment in equity accounted investments	(14)	(425,586)	(2,698,231)
(Loss) for the year before income tax		(38,734)	(140,946)
Income tax	(19)	(47,652)	(16,040)
(Loss) for the year from continuing operation		(86,386)	(156,986)
<u>Discontinued operations</u>			
Net operation results from discontinued operations after tax	(7)	650,353	53,766
Net profit / (loss) for the year		563,967	(103,220)
Attributable to:			
Owners of the parent company from continuing operations		(86,441)	(157,278)
Owners of the parent company from discontinued operations		584,391	51,995
Non-controlling interests		66,017	2,063
		563,967	(103,220)
(Losses) per share (basic and diluted) from continuing operations – (in EGP)	(28)	(0.016)	(0.030)
Earnings per share (basic and diluted) from discontinued operations – (in EGP)	(28)	0.111	0.010

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Orascom Investment Holding S.A.E.
Consolidated Statement of Comprehensive Income for The Year Ended

(In thousands of EGP)	December 31, 2021	December 31, 2020
Net profit / (loss) for the year	563,967	(103,220)
Other comprehensive (loss) items that may be subsequently reclassified to profit or loss:		
Revaluation of investments at fair value through OCI	-	(34,237)
Foreign operations – foreign currency translation differences	(178,616)	(251,709)
Total other comprehensive (loss) items for the year	(178,616)	(285,946)
Total comprehensive income / (loss) for the year	385,351	(389,166)
<u>Attributable to:</u>		
Owners of the parent company	352,235	(381,441)
Non-controlling interests	33,116	(7,725)
Total comprehensive income / (loss) for the year	385,351	(389,166)

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Orascom Investment Holding S.A.E.
Consolidated Statement of Changes in Equity for The Year Ended December 31, 2021

(In thousands of EGP)

	Paid up capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2020, as issued	2,203,190	589,549	673,664	179,349	573,746	4,219,498	294,587	4,514,085
Adjustments for applying new accounting standards (EAS no. 47)	-	-	-	72,663	(82,722)	(10,059)	(2,121)	(1,180)
Balance as of January 1, 2020, restated	2,203,190	589,549	673,664	252,012	491,024	4,209,439	292,466	4,501,905
Comprehensive (loss) for the year	-	-	-	-	(105,283)	(105,283)	2,063	(103,220)
Net (loss) for the year	-	-	-	-	(105,283)	(105,283)	2,063	(103,220)
Change in the fair value of investments at fair value through OCI	-	-	-	(34,317)	-	(34,317)	80	(34,237)
Foreign operations – foreign currency translation differences	-	-	(241,841)	-	-	(241,841)	(9,868)	(251,709)
Total comprehensive (loss) for the year	-	-	(241,841)	(34,317)	(105,283)	(381,441)	(7,725)	(389,166)
Dividends to non-controlling interests	-	-	-	-	-	-	(13,830)	(13,830)
Change in consolidation scope	(1,626,165)	(419,516)	580	-	(16,301)	(15,721)	142,571	126,850
Effect of the demerger *	(1,626,165)	(419,516)	(30,191)	(217,695)	(245,876)	(2,539,443)	(128,442)	(2,667,865)
Total	577,025	170,033	402,212	(217,695)	(262,177)	(2,555,164)	319	(2,554,845)
Balance as of December 31, 2020	577,025	170,033	402,212	-	123,564	1,272,834	285,060	1,557,894

(In thousands of EGP)

	Paid up capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2021, as issued	577,025	170,033	402,212	-	123,564	1,272,834	285,060	1,557,894
Adjustments for applying new accounting standards (EAS no. 48, 49)	-	-	-	-	(1,539)	(1,539)	(1,479)	(3,018)
Balance as of January 1, 2021, restated	577,025	170,033	402,212	-	122,025	1,271,295	283,581	1,554,876
Transferred to legal reserve	-	5,789	-	-	(5,789)	-	-	-
Other comprehensive income for the year	-	-	-	-	497,950	497,950	66,017	563,967
Net profit for the year	-	-	(145,715)	-	-	(145,715)	(32,901)	(178,616)
Foreign operations – foreign currency translation differences	-	-	(145,715)	-	-	(145,715)	(32,901)	(178,616)
Total comprehensive income for the year	-	-	(145,715)	-	497,950	352,235	33,116	385,351
Balance as of December 31, 2021	577,025	175,822	256,497	-	614,186	1,623,530	316,697	1,940,227

* Effect of the demerger represents the adjustments on the equity as a result of the demerger of the Company into two companies (for more details see note no. 34)

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Orascom Investment Holding S.A.E.
Consolidated Statement of Cash Flows for The Year

<i>(In thousands of EGP)</i>	Note no.	December 31, 2021	December 31, 2020 Represented
<u>Continuing operations</u>			
<u>Cash flows from operating activities</u>			
Net (loss) for the year before tax		(38,734)	(140,946)
Adjustments for:			
Depreciation, amortization and impairment	(12)	5,300	3,652
Finance income	(13)	(2,906)	(68,840)
Finance costs	(13)	13,066	5,039
Net (gains) from foreign currencies translation	(13)	(16,467)	(517)
Impairment loss in financial asset		55,940	5,902
Other income	(33)	(200,155)	-
(Gains) from disposal of non-current assets		-	(2,512)
Share of profit from equity accounted investments	(14)	(425,586)	(2,698,231)
Net impairment from equity accounted investments	(14)	425,586	2,698,231
Change in provisions		36,249	(46,543)
Change in current assets included in working capital		(3,981)	(1,827)
Change in current liabilities included in working capital		(92,885)	(3,865)
Cash flows (used in) operating activities		(244,573)	(250,457)
Income taxes paid		-	(4,029)
Interest received		2,841	2,477
Net cash flows (used in) operating activities		(241,732)	(252,009)
<u>Cash flows from investing activities</u>			
Net cash outflows for investments in:			
Property and equipment		(108,455)	(60,007)
Investment property		(6,351)	-
Net cash inflows from disposal of:			
Property and equipment		312	516
Other financial assets		-	3,474
Cash received from sale of subsidiaries		-	29,961
Net cash flows (used in) investing activities		(114,494)	(26,056)
<u>Cash flows from financing activities</u>			
Interest paid	(25)	(13,060)	(4,753)
Net proceeds from non-current borrowings	(25)	108,897	119,582
Net (payments) for financial liabilities	(25)	(81,799)	(313,778)
Payments under investment		-	(4,000)
Other financial assets-pledged deposits		-	2,100
Net cash flows generated from (used in) financing activities		14,038	(200,849)
Net change in cash and cash equivalents during the year from continuing operations		(342,188)	(478,914)
<u>Discontinued operations</u>			
Net cash flows generated by / (used in) operating activities		205,300	(116,479)
Net cash flows generated by / (used in) investing activities		1,161,052	(10,505)
Net cash flows (used in) /generated by financing activities		(207,704)	290,740
Net change in cash and cash equivalents during the year from discontinued operations		1,158,648	163,756
Net change in cash and cash equivalents during the year		816,460	(315,158)
Cash and cash equivalents at the beginning of the year		343,056	1,015,000
Change effect in the exchange rate on cash and cash equivalents in foreign currencies for continuing operations		(2,375)	(3,116)
Change effect in the exchange rate on cash and cash equivalents in foreign currencies for discontinued operations		(2,025)	(17,108)
Balance of cash and cash equivalents transferred to assets held for sale		(42,486)	-
Effect of the demerger on cash and cash equivalents		-	(336,562)
Cash and cash equivalents at the end of the year	(22)	1,112,630	343,056

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

1- General information about parent of the Group

a- Legal status

Orascom Investment Holding S.A.E. "the Company" (formerly Orascom Telecom Media and Technology Holding) is an Egyptian Joint Stock Company pursuant to the provisions of the Capital Market Law no. 95 of 1992, and its executive regulations. The Company was registered at Commercial Register on November 29, 2011, under No 394061. The Company's Head Office located at Nile City Towers, Ramlet Boulak – Cairo –Egypt. The Company's duration is 25 years starting from November 29, 2011, and the extended period from that date till December 31, 2012, is considered the first financial year.

b- Purpose of the Company

The Company's purpose is to participate in establishing the joint stock and limited liability Companies that issue securities or to increase its share capital of these companies, 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 purchase them or affiliate them pursuant to the provisions of the law and its executive regulations.

c- Brief over incorporation of the Company

The Company was established as a result of legal demerger from Orascom Telecom Holding S.A.E. as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd. and Wind Telecom announced that both companies 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 investments in the Egyptian company for Mobile Services, CHEO Technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media and technology sectors, including undersea cable assets. Accordingly, the demerger plan provided that the split of OTH will be executed by way of legal demerger, and the incorporation of Orascom Telecom, Media and Technology Holding S.A.E - OTMT (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 OTMT as they hold in OTH as of the execution date of the demerger.

2- Statement of compliance with the Egyptian Accounting Standards

- The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 243 of 2006, and 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 consolidated financial statements as of and 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 Consolidated Financial Statement for The Financial Year Ended December 31, 2021

3- Basis for preparation of consolidated financial statements

As disclosed in Note 1-C, the Company was established as a result of demerger from OTH, the new legal status represents continued economic body starting from the date on which the demerging company acquired or established the subsidiaries and associates and then ownership was transferred to the resulting demerger company.

The management of the Company considers that the substance of the demerger and establishment of the company with the objective of transferring ownership subsidiaries and associates and continuation of its activities under the umbrella of a new legal entity, is considered a common control transaction. The transferred entities pursuant to the demerger plan were under the control of same main shareholders both before and after the demerger and control is not considered temporary, and so transactions under common control is out of scope of the Egyptian Accounting Standard (29) and International Accounting Standard (IFRS 3).

In the absence of a specific guidance in Egyptian Accounting Standards, EAS 5 requires management to select and apply an appropriate accounting policy. Management used its judgement in developing and applying an accounting policy to account for its investments in subsidiaries and associates transferred as part of the demerger as follow:

Although the legal acquisition of subsidiaries was through transfer of shares of equity ownership certificates in application of the demerger decision which was taken in December 2011, the net assets of the company were consolidated through the spin off process as a continuing economic entity under the company's control from the actual date on which the demerger company has acquired the subsidiaries or incorporated them and so the statement of changes in equity includes the retained earnings of these entities during the period from controlling or incorporating these companies by the demerger company.

A) Basis of measurement

The consolidated financial statements are prepared on the historical cost convention, except for financial derivatives that are measured at fair value, and financial instruments at fair value through profit or loss. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

B) Presentation currency

These consolidated financial statements are presented in Egyptian pounds, which is the Company's functional currency. All financial information presented in Egyptian pounds has been rounded to the nearest thousand except for earnings per share for the year / period, unless otherwise stated in the consolidated financial statements or notes.

4- Significant accounting policies

The consolidated financial statements have been prepared by the same accounting policies that are followed on an ongoing basis when preparing the Company's annual consolidated financial statements, and except for the applying of Egyptian Accounting Standards no. (48) and (49) starting from January 1, 2021, which will be explained in note (4-33), the accounting policies have been followed consistently in all periods presented in consolidated financial statements.

4-1 Basis of preparing the consolidated financial statements

The consolidated financial statements of the Group comprise the financial statements of the parent company and companies controlled by the company (its Subsidiaries) as of the financial position date. Control is achieved where the Group has the following:

- Power over the investee.
- Exposure or right to variable returns through its contribution to the investee.

- The ability to use his authority over the investee in order to influence the amount of proceeds he receives from it.

The parent company should reassess the control of the investee if the facts and circumstances indicate that there are variables for one or more of the three control elements mentioned above.

The consolidated statement of income includes the income and expenses of subsidiaries acquired or disposed of during the year as of the effective date of acquisition or the effective date of disposal as appropriate. The total income of the subsidiaries is distributed between the shareholders of the holding company and the non-controlling interests even if the negative balance of the non-controlling interests (deficit) arises.

The necessary adjustments are made to the financial statements of the Group companies whenever necessary, making their accounting policies consistent with the accounting policies applicable to other Group companies.

All transactions, balances, income and expenses between the Group companies are eliminated on consolidation of the financial statements.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. When the Group loses absolute or joint control of a subsidiary or jointly controlled enterprise and instead retains significant influence over it, it recognizes the remaining investment as an investment in an associate and measures it at its fair value at the date of the loss of ultimate or joint control. The fair value of the investment remaining on the date on which the joint or absolute control was lost is considered as the cost on initial recognition of the investment in an associate company.

4-2 Business combination

Business combinations (acquisitions) are accounted for using the acquisition method. The consideration transferred in a business combination transaction is measured at fair value, which is calculated on the basis of the total fair values at the acquisition date of the assets transferred from the Group and the liabilities incurred by the Group in favour of the former owners of the acquire as well as the equity instruments issued by the Group in exchange for control of the acquire.

Goodwill is measured on the basis that it represents an increase in (1) Total: the consideration transferred, and any rights to the owners of non-controlling interests in the acquired entity, and the fair value of the share, which the company acquired owned in the company's ownership rights acquired before the acquisition date (if any) for (2) Net values: Assets acquired and liabilities incurred at the date of acquisition. If, after reassessment shows that the net acquired assets by the values and obligations incurred over the total: the consideration transferred, and any rights to the owners of non-controlling interest in the acquired entity, and the fair value of the acquirers share in the acquired company's owners' equity before the date of acquisition (if any) then the increase would be recognized in the profit or loss for the period. (bargain purchase).

For non-controlling interests that represent current equity interests and entitle their holders to a proportionate share of the net assets of the entity in liquidation, they may be measured at initial recognition either at fair value or in the proportionate share of the non-controlling interests in the recognized values of the net assets of the acquired - The measurement basis for each acquisition transaction is selected separately.

In Group Entities under Common Control, the Group treats the differences between the cost of business combination and the Group's share in the carrying amount of the net assets and contingent consideration of the acquired entity as a reserve for the consolidation of a business in equity if the acquisition does not result in Change in the principle of absolute control of the Group over the enterprises or companies that have been assembled before and after the acquisition. The same policy is also applied if the Group acquires a proportion of the non-controlling interests' interest in the

Orascom Investment Holding S.A.E.**Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021**

subsidiary or the Group disposes a percentage of its ownership in the subsidiary but retains control of the subsidiary.

In this case, the fair value of the net assets and contingent consideration of the acquired entity is not determined until the date of initial control, taking into account changes in equity items that occurred during the period from the date of initial control until the date of increasing the control share.

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

During the year 2020, the Company was demerged into two companies, a demerging company (Orascom Investment Holding) and a demerged company (Orascom Financial Holding) - for more details about the demerge process, please refer to note no. (34). Consequently, the Company transferred Company's investments in Beltone Financial Holding Company and its subsidiaries to the demerged company (Orascom Financial Holding), therefore, Orascom Investment Holding (the parent company) currently owns directly and indirectly the following subsidiaries:

Entity name	Segment	Country	Direct and indirect interest in entity
Trans World Associates (Pvt) Ltd.	Media and Technology	Pakistan	51 %
Oracap Holding company (Free zone)	Media and Technology	Egypt	99.96%
Oracap Far East Ltd.	Media and Technology	Malta	100 %
Osorcon company	Others	Northern Korea	100%
Orascom Telecom Lebanon	Management services	Lebanon	99.8%
OTMT – Brazil	Other	Luxembourg	100 %
Victoire coop Investment Holding	Investment Property	Netherlands	100 %
Victoire B.V.	Investment Property	Netherlands	100 %
Victorie 2 (Brazil)	Investment Property	Brazil	100 %
Victorie 9 (Brazil)	Investment Property	Brazil	100 %
Victorie 11 (Brazil)	Investment Property	Brazil	100 %
Victorie 13 (Brazil)	Investment Property	Brazil	100 %
Victorie 17 (Brazil)	Investment Property	Brazil	100 %
Victorie 18 (Brazil)	Investment Property	Brazil	100 %
Victorie 19 (Brazil)	Investment Property	Brazil	100 %
O-Capital for Energy	Energy	Egypt	99.2 %
O-Capital for Services and Construction	Energy	Egypt	99.2 %
Orascom Telecom Venture "S.A.E"	Media and Technology	Egypt	100 %
Orascom Prisme Pyramids Entertainment "S.A.E"	Other	Egypt	70%
Orascom Pyramids Entertainment "S.A.E"	Other	Egypt	100 %
Orascom Pyramids for Tourist Establishments	Other	Egypt	100 %
OSL for Entertainment	Other	Egypt	100 %

4-3 Investments in associates

An associate is an entity over which the Group has significant influence on through participating in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment was acquired.

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

During the year 2020, the Company was demerged into two companies, a demerging company (Orascom Investment Holding) and demerged company (Orascom Financial Holding) -for more details about the demerger process please refer to note no 34-. Consequently, the Company transferred Company's investments in Sarwa Capital Holding (investment in associates) to the demerged company (Orascom Financial Holding), therefore, Orascom Investment Holding (the parent company) currently has the following investments in associates:

	<u>Segment</u>	<u>Country</u>	<u>Direct and indirect interest in entity</u>
CHEO Technology JV (Koryolink)	Mobile phone services	North Korea	75%

4-4 Foreign currencies translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of preparing the consolidated financial statements, the results and financial position of each Group entity are expressed in Egyptian pound; which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the separate financial statements of the individual entities, transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated to the Egyptian pound at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for exchange differences arising on non-monetary assets and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

At the date of presenting consolidated financial statements, the assets and liabilities of the Group's foreign and local subsidiaries whose reporting currencies are different from the presentation currency of the Group (EGP), are expressed in Egyptian Pound using exchange rates prevailing at the balance sheet date, equity items are expressed in Egyptian Pound using the historical exchange rates at the date of acquisition or incorporation. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve.

The exchange rates applied in relation to the EGP are as follows:

	Closing rate as of	Average rate for	Closing rate as of	Average rate for
	December 31, 2021	the year ended	December 31, 2020	the year ended
		December 31, 2021		December 31, 2020
American Dollar	15.660	15.652	15.690	15.769
Pakistan Rupee	0.089	0.096	0.098	0.098
Brazilian Real	2.811	2.901	3.021	3.058
Euro	17.80	18.52	19.162	17.997

4-5 Fixed assets and depreciation

All items of fixed assets are reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses. Cost of an item of fixed assets includes expenditures that are directly attributable to the acquisition of the item.

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 entity and the cost of the item can be measured reliably.

Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred. The gain or loss arising on the disposal or retirement of an item of

4-4 Foreign currencies translation

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The exchange rates applied in relation to the EGP are as follows:

	Closing rate as of December 31, 2021	Average rate for the year ended December 31, 2021	Closing rate as of December 31, 2020	Average rate for the year ended December 31, 2020
American Dollar	15.660	15.652	15.690	15.769
Pakistan Rupee	0.089	0.096	0.098	0.098
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All items of fixed assets are reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses. Cost of an item of fixed assets includes expenditures that are directly attributable to the acquisition of the item.

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 entity and the cost of the item can be measured reliably.

Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred. The gain or loss arising on the disposal or retirement of an item of

fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation of the depreciable assets is based on the straight-line method and is charged to income statement over the useful life of each Group of assets.

The following are estimated useful lives for fixed assets that are used to calculate depreciation:

<u>Asset</u>	<u>Years</u>
Buildings	50 Years
Cellular equipment	8 – 15 Years
Machines	5 – 10 Years
Computer equipment	3 – 5 Years
Furniture and fixtures	5 – 10 Years
Vehicles	3 – 6 Years
Leasehold improvements	3 – 8 Years

4-6 Projects under Construction

Projects under construction are carried at cost, less accumulated impairment, if any. Costs include all costs associated with the acquisition of the asset and bringing it to be ready for its intended use. Projects under construction are transferred to fixed assets when they become ready for their intended use and then start its depreciation using the assumptions that are used in depreciate the same types of the assets.

4-7 Intangible assets

Non-monetary assets that don't have physical substance, but can be identified separately, acquired for operating purpose, and expected to generate future economic benefits is treated as intangible assets. Intangible assets (excluding goodwill) include; computer systems, telecom network licenses, right of use, and trademarks. Intangible assets are measured at cost, which represents the cash price at the initial recognition. In case of deferral of payments for periods exceed the normal credit terms, difference between cash price and total amount is recognized as interest. Intangible assets are carried at cost net of amortization and impairment losses, subsequent expenditures on intangible assets are capitalized over the carrying amount of the asset, when and only when, these expenditures increase the future economic benefits of the asset or assets, while other expenditures are charged to income statement.

Intangible assets are amortized on a straight-line basis over their useful lives, unless the useful lives of intangible assets are not identified, an impairment test is performed annually.

4-8 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which

goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. This applies as well on investments in associates, where goodwill is included within the carrying amount of the investment the Group's policy for goodwill arising on the acquisition of an associate is described above at "Investments in associates.

4-9 Impairment of tangible and intangible assets excluding goodwill

On annual basis, the Group reviews the carrying amounts of its tangible and intangible assets 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, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

4-10 Investment property

a) Recognition and initial measurement

This item includes buildings leased to lessee under operating leases. Investments property are carried at cost including transaction costs less the accumulated depreciation and impairment, the carrying amount of investment property, useful life and depreciation method is reviewed on annual basis. The fair values of these investments are disclosed at the balance sheet date unless it is not practical to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

Is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Leased units	50

4-11 Financial instruments

Financial assets

Business model, classification and measurement

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash flows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

- Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses from changes in fair value, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

• Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

• **Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or contingent liability) is recognized in profit or loss.

4-11-1 Impairment

As allowed by EAS No. (47), the Group applies two impairment models for financial assets measured at amortized cost and FVOCI:

- the **simplified approach model** for trade receivables related to fees and commission under the scope of EAS No. (48) "Revenues from Contracts with Customers"; and
- the **general approach model** for Brokerage customers and other financial assets, including financial assets under the scope of EAS No. (47).
- Impairment losses on financial assets are recognized in the Consolidated Income Statement within the credit losses expenses.

4-11-2 Simplified approach model

With regards to trade receivables related to fees and commission, the simplified approach model for determining the impairment is performed in two steps:

- any trade receivable in default is individually assessed for impairment; and
- a general reserve is recognized for all other trade receivables (including those not past due) based on the determined historical loss rates and carryforward losses expectations.

4-11-3 General approach model

- The general model impairment requirements of EAS No. (47) apply to all credit exposures that are measured at amortized cost or FVOCI, except the cases covered by simplified model as abovementioned.
- For purposes of the impairment policy below, these instruments are referred to as ("Financial Assets").
- The determination of impairment losses and allowance moves from an incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under previous accounting standard, to an expected credit loss model under EAS No. (47), where allowances are taken upon initial recognition of the Financial Asset, based on expectations of potential credit losses at the time of initial recognition.
- The Group uses three main components to measure ECL. These are Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").
- The probability of tripping the corresponding parties is derived from internal group assessments. The Group allocates the probability of default for each exposure of the counterparty based on the economic environment in which the customer works, considering the relevant quantitative and qualitative information and quality available.
- Loss estimates when you stumble are independent of the client's probability of default. Loss models when tripping ensure that the main drivers of losses, including the quality of the warranty, are reflected in the loss factor when the specified stumble.
- Exposure when its stumbles is defined as the expected amount of credit risk to the counterparty at the time of its stumble. The exposure model is designed when you default on the life of the financial asset considering the expected payment files.

- EAS No. (47) Introduces a three-stage approach to impairment for Financial Assets that are not credit-impaired at the date of origination or purchase. This approach is summarized as follows:
- **Stage 1:** The Group recognizes a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly after initial recognition.
- **Stage 2:** The Group recognizes a credit loss allowance at an amount equal to lifetime expected credit losses for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default, lifetime loss given default and lifetime exposure at default that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
- **Stage 3:** The Group recognizes a loss allowance at an amount equal to lifetime expected credit losses, via the expected recoverable cash flows for the asset, for those Financial Assets that are credit impaired. For further detail see following paragraph "Credit-impaired Financial Assets in Stage 3".
- The Group calculates expected credit losses for each financial asset individually. Similarly, the determination of the need to transfer between stages is made on an individual asset basis.

4-11-4 Significant increase in credit risk

- Under EAS No. (47), when determining whether the credit risk (i.e., risk of default) of a Financial Asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information based on the Group's historical experience, credit risk assessment and forward-looking information (including macro-economic factors). The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs (i.e., transfer from Stage 1 to Stage 2).

4-11-5 Credit-impaired financial assets

- At each reporting date, the Group reviews the indicators for impairment of receivables balances, in order to take the necessary actions to account for impairment against the amounts that may not be collected from customers.
- The study is necessary to ensure that clients own and maintain a portfolio of shares to cover the debt owed to them - enabling the Group to take necessary measures to preserve the Group's right in case of any amounts due from customers and failure or delay in payment. The calculation using aging reports will not be applicable on brokerage receivables as there is no specified or expected time frame for clearing or collection, however a provision is to be formed for the difference between debit due balance and the value of owned shares (collateral).
- For Financial Assets considered to be credit-impaired, the ECL allowance covers the amount of loss the Group is expected to incur. The estimation of ECLs is done on a case-by-case basis for non-homogeneous portfolios, or by applying portfolio-based parameters to individual Financial Assets in these portfolios via the Group's ECL model for homogeneous portfolios.
- Forecasts of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between the contractual cash flows that are due to the Group under the contract; and the cash flows that the Group expects to receive.

4-11-6 Collateral for financial assets considered in the impairment analysis

EAS No. (47) requires cash flows expected from collateral and other credit enhancement to be reflected in the ECL calculation. The following are key aspects with respect to collateral and guarantees:

- Eligibility of collateral, i.e. which collateral should be considered in the ECL calculation;
- Collateral evaluation, i.e. what collateral (liquidation) value should be used; and

Projection of the available collateral amount over the life of a transaction.

4-11-7 Monetary accounting estimates

The accounting estimates and judgments related to the impairment of Financial Assets is a critical accounting estimate because the underlying assumptions used can change from period to period and may significantly affect the Group's results of operations.

In assessing assets for impairments, management judgment is required, particularly in projecting future economic information and scenarios where circumstances of economic and financial uncertainty, when developments and changes to expected cash flows can occur both with greater rapidity and less predictability. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from reported allowances.

4-12 Financial obligations and equity instruments issued by the Group

Classification of instruments as equity or liability

Financial instruments are classified as liabilities or as equity in accordance with the substance of the group's contracts at the date of issue of those instruments.

Equity instruments

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

Equity instruments issued by the Group are stated at the value of the proceeds received or the net value of the assets transferred, less the costs of issuance directly attributable to the transaction.

Financial obligations

Financial liabilities have been classified as either "fair value through profit or loss" or other financial liabilities.

Other financial liabilities

Other financial obligations include balances of loans, suppliers, balances due to related parties and other credit balances. The first financial obligations are recognized at fair value (the value received) after deducting the transaction cost, provided that it is subsequently measured at amortized cost using the effective interest rate and the distribution of interest expense over the relevant periods. It is based on the actual return.

The effective interest rate method is a method for calculating the amortized cost of financial obligations and charging interest expense over the relevant periods.

The effective interest rate is the rate at which future cash payments are discounted over the estimated life of the financial liability or any less appropriate period.

4-13 De-recognition of financial instruments from books:

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

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

4-14 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.

4-15 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are being determined using the weighted average method to price goods sold. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4-16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, demand deposits and short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value of and with a maturity date of three months or less from the acquisition date.

4-17 Income taxes and deferred taxes

A provision for probable tax claims is generally recognized based on management comprehensive study of prior years' tax assessments and disputes.

An estimated income tax expense is recognized in profit or loss in each reporting period, while actual income tax expense is recognized in profit or loss at year-end.

Deferred tax assets and liabilities are recognized on the temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the consolidated financial statements.

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

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Deferred tax assets and liabilities are accounted for using the balance sheet method and are reported in the balance sheet as non-current assets and liabilities.

4-18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs 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 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 in the profit or loss as finance costs.

4-19 Non-current assets held for sale (or disposal Groups)

A non-current asset Classified (or disposal Group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use .For this to be the case the asset (or disposal Group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal Groups) and its sale must be highly probable. Management must be committed to a plan to sell the asset (or disposal Group) In addition; the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, unless delay results from external events beyond control of the Group and that sufficient evidences exist that the Group is committed to a sale plan.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

4-20 Revenue recognition

Starting from January 1, 2021, the Group has applied Egyptian Accounting Standard No. (48).

- Egyptian Accounting Standard No. (48) replaces the following Egyptian Accounting Standards:
- Egyptian Accounting Standard No. (8) "Construction Contracts" amended in 2015
- Egyptian Accounting Standard No. (11) "Revenue" as amended in 2015
- More specifically, Egyptian Accounting Standard No. (48) states that revenue recognition depends on the following five steps:

- 1- Defining the contract with the customer.
- 2- Defining 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 on the basis of the stand-alone selling price for each good or service.
- 5- Recognition of revenue when the related performance obligation is satisfied

The management evaluated the impact of applying the new standard on the group's financial statements, and analyzed the revenue streams by applying the five-step model. There is no impact on the group's revenues. The company's revenues are as follows:

1- Revenues from technical support

Revenues from technical support are recognized in the profit or loss over the term on which the services are rendered and based on the contracts with subsidiaries and associates

2- Interest income

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

3- Dividends income

Dividends income from equity investments other than associates is recognized in the profit and loss when the Group's rights to receive payment have been established; the cost of the investment is reduced by the dividends related to the pre-acquisition period which represents recovery of the acquisition cost.

4- Revenues from investment property

Revenues from investment property are recognized on accrual basis (on net amount less any deductions) accrued to income statement, based on the straight-line method through rental contract duration.

4-21 Employees' benefits

Short-term employees' benefits

Salaries, wages, paid vacations, sick leave, bonus and other non-cash benefits in favour of employees' services for the Group, are recognized on an accrual basis in the same period these services have been rendered.

4-22 Dividends distribution

Dividends declared to the shareholders of the Parent company, non-controlling interests in subsidiaries, board of directors' remunerations, and employees' share of profits are recognized as a liability in the financial statements in the period in which these dividends have been approved by each Group company's shareholders.

4-23 Borrowing costs

Borrowing costs are recognized immediately in the profit and loss, except for borrowing costs directly attributable to the acquisition, or construction of qualifying assets, which are added to the cost of those assets until such assets are substantially ready for their intended use.

4-24 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

4-25 Segment reporting

Operating segments are reported in a manner which is consistent with the internal reporting information provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

4-26 Estimation of fair value

Applying the accounting policies stated in Note (4) requires from management to use estimates and assumptions in determining the carrying amount of assets and liabilities that are not readily apparent from other sources.

The fair value of financial instruments quoted in an active market depends on observable market prices at the date of the financial statements, while the fair value of non-quoted financial instruments is determined using valuation techniques based on market conditions available at the financial statements date.

4-27 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.

4-28 Employees' profit share

Each company of the Group which operates in Egypt is obliged to pay 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 financial statements date (Retained earnings).

4-29 Statement of cash flows

The statement of cash flows has been prepared using the indirect method.

4-30 Fair value estimation

- The fair value of a financial instrument traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.
- The fair value of instruments that are not traded in an active market (for example privately negotiated derivatives between two parties) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer and broker quotes for similar instruments and other techniques such as option valuation models and discounted cash flows.

4-31 Critical accounting judgments and key sources of uncertainty estimates

Preparation of the consolidated financial statements and application of the Group's accounting policies, according to the Egyptian accounting standards, requires management to make judgments, estimates and assumptions about the presentation of these statements and about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered relevant under current circumstances and conditions in which carrying amounts of assets and liabilities are determined. Actual results may differ from these estimates significantly if surrounding conditions and factors changed.

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 items on which estimates, and personal judgements are used:

4-31-1 Review the main conditions of contractual agreements

The management reviews its assumptions and judgements including those used to conclude on the extent of the Group's ability to control, jointly control, or exercise significant influence on its investees whenever a significant event or amendment to the conditions prevailing in its contractual agreements.

4-31-2 Valuation of financial Instruments

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives. Management estimated its fair value using valuation techniques based on inputs and assumptions, some linked to quoted market prices and other non-linked to market prices but depend on management's estimates. Management used acceptable option valuation models during the period in estimating the fair value of these financial instruments.

4-31-3 Impairment of non-current assets excluding goodwill

Non-current assets are reviewed to determine whether there are any indications that the net carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognized. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Group and in the market considering the past experience.

When indicators exist that an asset may have become impaired, the Group estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

4-31-4 Estimating the useful lives for fixed assets and depreciation method and the salvage value

Management reviews the estimated useful lives of fixed 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 are adjusted accordingly.

4-31-5 Recognition and measurement of current and deferred tax assets and liabilities

Current and deferred income taxes are determined by each Group entities' in accordance with the applicable tax laws to each country in which the Group entities domiciled.

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 tax inspections. And when a difference arising between the final tax assessment and what have been recorded, such difference is recorded as income tax expense and current tax liability in the current period and is considered as a change in accounting estimates.

In order to recognize deferred tax assets, management uses assumptions about the availability of sufficient future tax profits to allow the use of the recognized deferred tax assets, and management uses assumptions related to determining the tax rate announced at the date of the financial statements, at which it is expected that both assets and tax liabilities will be settled in the future.

This process requires the use of multiple and complex estimates in the estimation and determination of taxable vessels and taxable and deductible tax differences arising from the difference between the accounting basis and the tax basis of certain assets and liabilities. In addition to estimating the possibility of using deferred tax assets arising from tax losses in the light of estimating the future tax profits and future plans for each activity of the Group companies.

4-31-6 Goodwill

The impairment test on goodwill is carried out by comparing the recoverable amount of cash-generating units and their carrying amounts. The recoverable amount of a cash-generating unit is the higher of "fair value less costs to sell" or its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation.

4-31-7 Provisions and contingent liabilities

Management assess events and circumstances that might led to a commitment on the company's side resulting from performing its normal economic activities, management uses estimates and assumptions to assess whether the provision's recognition conditions have been met at the financial statement date, and analyse information to assess whether past events led to current liability against the company and estimates 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.

4-32 Lease contracts

Starting from January 1, 2021, the Group has applied Egyptian Accounting Standard No. (49).

At incorporation of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in EAS 49. This policy is applied to contract entered since company incorporation or after.

4-32-1 Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- And the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is premeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low – value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4-32-2 As a lessor

At incorporation or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease incorporation whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-o fuse asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies EAS 11 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in EAS 47 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue.

4-33 New Accounting standards the Group applied from January 1, 2021

On March 18, 2019, the Minister of Investment and International Cooperation issued amendments to some provisions of the Egyptian accounting standards issued by the Minister of Investment Resolution No. 110 of 2015, which include new accounting standards as well as the introduction of amendments to some provisions of the existing Egyptian accounting standards. Standards. These amendments should have been made and applied to financial periods beginning on January 1, 2020.

But due to the economic slowdown and the downturn as a result of the outbreak of the novel coronavirus disease (Covid-19), the Financial Regulatory Authority decided on April 12, 2020, to postpone the application for the financial statements ending on December 31, 2020.

On September 17, 2020, Cabinet Decision No. (1871) of 2020, was issued to postpone the date for amending the application of Egyptian Accounting Standards No. 47, 48 and 49 for the financial periods beginning on or after January 1, 2021.

The Group voluntarily decided to make an early adoption of the Egyptian Accounting Standard No. 47 "Financial Instruments" starting from January 1, 2020.

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

In the following table, the transitional impact of applying Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" and Egyptian Accounting Standard No. (49) "Lease Contracts" on the opening balances of the group's financial position is presented as of January 1, 2021:

(In thousands of EGP)	Opening balance as of January 1, 2021	Effect of Standard no. 48	Effect of Standard no. 49	Adjusted opening balance
Assets				
<u>Non-current assets</u>				
Property and equipment	965,465	-	80,626	1,046,091
Intangible assets	37,381	-	-	37,381
Investment property	673,254	-	-	673,254
Equity accounted investees	613,632	-	-	613,632
Other financial assets	102,579	-	-	102,579
Other assets	238,451	12,019	(2,385)	248,085
Total non-current assets	2,630,762	12,019	78,241	2,721,022
<u>Current assets</u>				
Inventories	12,154	-	-	12,154
Trade receivables	393,203	-	-	393,203
Other financial assets	118,155	-	-	118,155
Other assets	141,149	8,291	(5,178)	144,262
Cash and cash equivalents	343,056	-	-	343,056
Total current assets	1,007,717	8,291	(5,178)	1,010,830
Total assets	3,638,479	20,310	73,063	3,731,852
<u>Equity and liabilities</u>				
Equity attributable to equity holders of the parent company	1,272,834	3,399	(4,938)	1,271,295
Non-controlling interests	285,060	3,270	(4,749)	283,581
Total equity	1,557,894	6,669	(9,687)	1,554,876
<u>Liabilities</u>				
<u>Non-current liabilities</u>				
Borrowings	376,367	-	59,904	436,271
Creditors and other credit balances	100,421	21,643	-	122,064
Deferred tax liabilities	118,284	(4,848)	-	113,436
Total non-current liabilities	595,072	16,795	59,904	671,771
<u>Current liabilities</u>				
Borrowings	160,734	-	23,065	183,799
Creditors and other credit balances	896,420	(3,154)	(219)	893,047
Tax liabilities- income tax	54,364	-	-	54,364
Provisions	373,995	-	-	373,995
Total current liabilities	1,485,513	(3,154)	22,846	1,505,205
Total liabilities	2,080,585	13,641	82,750	2,175,976
Total equity and liabilities	3,638,479	20,310	73,063	3,731,852

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

Egyptian Accounting Standard No. 48 replaces Egyptian Accounting Standard No. 11 "Revenue" and Egyptian Accounting Standard No. 8 "Construction Contracts" and 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) identify the contract with the customer;
- 2) identify 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 performance obligations identified based on the stand-alone selling price of each good or service; and
- 5) Recognize revenue when the related performance obligation is met.

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

Transitional rules

The Group has applied the standard using the modified retrospective method, which means that the cumulative effect of applying the standard has been recognized in the retained earnings as of January 1, 2021, and the comparative figures have not been adjusted.

The impact of the application of Egyptian Accounting Standard No. 48 on the opening balances of the Group's balance sheet, as of January 1, 2021, is shown as illustrated in the previous table.

Egyptian Accounting Standard No. 49 "Leasing Contracts"

Egyptian Accounting Standard No. 49 supersedes the previous Egyptian Accounting Standard No. 20 "Accounting rules and standards related to financial leasing operations". 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 related asset and lease liabilities on the date of commencement 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 and lease incentives, and the discounted present value of the estimated liability to dispose of 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 assets or the lease term, whichever is less.

The lease liability is measured on initial recognition at the present value of the future lease and related fixed service payments over the lease term, discounted at the lease interest rate 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 index or rate that became effective in the period of the financial statements.
- Amendments to the lease contract
- Reassessment of the lease term

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.

Transitional rules

The Group has applied the standard using the modified retrospective method, which means that the cumulative effect of applying the standard has been recognized in the retained earnings as of January 1, 2021, and the comparative figures have not been adjusted.

The impact of the application of Egyptian Accounting Standard No. 49 on the opening balances of the Group's balance sheet, as of January 1, 2021, is shown as shown in the previous table.

5- Financial instruments risk management

The Group's financial instruments comprise of financial assets and liabilities. Financial assets comprise of financial assets at fair value through profit or loss – financial derivatives, debt instruments represented in treasury bills, cash at banks, due from related parties, available for sale investments, accounts receivable and other debit balances. The financial liabilities comprise of borrowings, credit facilities, credit to customers, due to related parties and payables. Following are the most significant risks, the Group companies are exposed to when conducting their business activities, financial instruments used and strategies that the Group follows to manage those risks.

The Group is exposed to various financial risks resulted from its ordinary course of business. These risks include market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group is especially exposed to currency risk, interest rate risk, and price risk. The Group's financial risk management function seeks to minimize the effects of these risks mainly through operational and finance continuing activities. The management of the Group is responsible for designing and monitoring the framework of the risk management function.

Market risk**Foreign currency risk management related to operations**

Each of the Group companies is conducting its operating activities using its functional currency. Hence, some of companies of the Group are exposed to exchange rate fluctuations risk related to payments, collections, or equity instruments using currencies other than functional currency. These liabilities and equity instruments are usually related to capital expenditures with external suppliers and revenues resulted from services rendered to external customers. The Group monitors the risk of foreign currencies fluctuation risk resulted from its operating activities.

At year end, major net assets / (net liabilities) foreign currencies positions presented in Egyptian pound (EGP), were as follows:

(In thousands of EGP)	<u>December 31, 2021</u>	<u>December 31, 2020</u>
USD	75,170	(111,744)
Euro	50,948	59,904
PKR	–	(420,903)
GBP	270	29
Other	14,945	31,567

Management estimates that if any changes occurs either upward or downward in the exchange rate of the Egyptian pound (functional currency) in the range of 10% against the US Dollar, Euro, or the Pakistani rupee with the stability of all other variables, the receivables and payables denominated in foreign currencies will be affected by increase or decrease equivalent to EGP 14 million (2020: EGP 44 Million) which affecting the net (loss) / profit for the year by the same amount.

Change in market price risks

This risk is considered limited as invested equity instruments exposed to this risk are not material from management's point of view.

Interest rate risk

Risk associated with interest rates for the Group is related to borrowings, where Group is exposed to the risk of fluctuations in cash flows resulting from the change in market interest rates for loans

with variable interest rates, as the Group is exposed to the risk of change in fair value of loans with fixed interest rates.

The Group did not enter into any derivative contracts to hedge the risks associated with possible fluctuations in interest rates, whether to hedge the cash flows or fair value.

The Group monitors and analyses the interest rate risks on an on-going basis and calculates the impact of movements in market interest rates on the income statement for each currency.

The following table shows the total outstanding loans of the Group on the financial position date and the proportion of each of the loans with fixed or variable interest rates, as well as those that were obtained without interest to total outstanding loans:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Total borrowings	159,590	537,101
of which % is at a fixed interest rate	-	-
of which % is at a variable interest rate	%100	%100
of which % is free interest rate	-	-

Management estimates the impact resulting from the change in the interest rate by 1%, leading to an increase or decrease in the finance cost for the current period in the amount of EGP 1.6 Million (2020: EGP 4.56 Million).

Credit risk

Credit risk of the Group represents the inability of contractual parties to pay their debts, especially; receivables, financial instruments, cash at banks and equivalent.

The credit risks which the Group is exposed to can be analysed for each segment, as follows:

Submarine cable segment

Submarine cable customers are offered maximum payment term of 30 days. Customers are checked for creditworthiness before offering credit terms.

Cash balances at banks

The credit risk associated with the balances of cash and cash equivalents risk is very limited as the Group deals with banks with good reputation in the market.

In general, the receivables and financial receivables included in financial assets relate to a variety of small amounts due from a wide range customer, which reduce the credit risk given to customers.

Liquidity risk

Liquidity risk represents the factors which may affect the Group's ability to pay part or all of its liabilities, management monitors these liabilities and in case these liabilities have been increased, management depends on obtaining dividends from its subsidiaries or through management of excess cash at subsidiaries to mitigate any increase in these liabilities above acceptable levels The Group monitors and mitigates liquidity risk arising from the uncertainty of cash inflows and outflows by maintaining sufficient liquidity of cash balances. In general, liquidity risk is monitored at entity level whereby each subsidiary is responsible for managing and monitoring its cash flows and rolling liquidity reserve forecast in order to ensure that it has sufficient committed facilities to meet its liquidity needs and a coordination with the management of the Group exist to manage surplus cash balances, where the Group directs these surpluses to companies that have deficit in their liquidity, so the Group depends mainly on internal transfers between Companies of the Group and on dividends from subsidiaries.

Laws and regulations in certain countries, such as for example North Korea, in which the Group operates limit the conversion of current cash balances into foreign currency. Given the nature of the business, Group companies may have to make payments in foreign currencies (for example capital expenditures), the lack of individual entity foreign currency reserves means that these companies are largely dependent on the Company to make these payments on its behalf.

The below table analyses the Group's financial liabilities into relevant maturity Groupings based on the payment remaining period at the date of the consolidated financial statements:

(In thousands of EGP)

As of December 31, 2021	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Borrowings from banks	159,590	229,954	16,983	212,971	-
Creditors and other credit balances	337,209	337,209	337,209	-	-
	496,799	567,163	354,192	212,971	-

(In thousands of EGP)

As of December 31, 2020	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Borrowings from banks	439,379	524,087	179,548	303,464	41,075
Other borrowings	16,473	16,732	8,963	7,769	-
Sale and leaseback liability	81,249	132,889	4,899	75,550	52,440
Creditors and other credit balances	876,770	876,770	876,770	-	-
	1,413,871	1,550,478	1,070,180	386,783	93,515

* Expected cash flows are the gross contractual undiscounted cash flows including interest, charges and other fees.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Management currently depends mainly on various internal resources to finance its activities and capital expenditures.

Political and economic risks in emerging countries

A significant amount of the Group's operations is conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economies of the countries in which the subsidiaries operate. In particular, these markets are characterised by economies that are in various stages of development or are undergoing restructuring. Therefore, the operating results of the Group are affected by the current and future economic and political developments in these countries. In particular, the results of operations could be unfavourably affected by changes in the political or governmental structures or weaknesses in the local economies in the countries where it operates. These changes could also have an unfavourable impact on financial position, performance and future business prospects of the Group.

Regulatory risk in emerging countries

Due to the nature of the legal and tax jurisdictions in the emerging countries where the Group operates, it is possible that laws and regulations could be amended. This could include factors such as the current tendency to withholding tax on the dividends of these subsidiaries, receiving excessive

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

tax assessments, granting of relief to certain operations and practices relating to foreign currency exchange. These factors could have an unfavourable effect on the financial activities of the Group and on the ability to receive funds from the subsidiaries.

Revenue generated by the majority of the Group subsidiaries is expressed in local currency, the Group expects to receive most of this revenue from its subsidiaries and therefore it relies on their ability to be able to transfer funds.

The regulations in the various countries, such as for example North Korea, where the subsidiaries operate could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may be changed.

Classes of financial instrument

(In thousands of EGP)	31 December 2021			31 December 2020		
	Financial assets at amortized Cost	Financial assets at fair value through PL	Total	Financial assets at amortized Cost	Financial assets at fair value through PL	Total
	Other financial assets	139,209	-	139,209	220,734	-
Trade receivables	106,254	-	106,254	393,203	-	393,203
Other assets	13,974	-	13,974	20,126	-	20,126
Cash and cash equivalents	1,112,630	-	1,112,630	343,056	-	343,056
Total	1,372,067	-	1,372,067	977,119	-	977,119

(In thousands of EGP)	31 December 2021			31 December 2020		
	Financial liabilities at through profit or loss	Financial liabilities at amortized cost	Total	Financial liabilities at fair value through PL	Other financial liabilities at amortized cost	Total
	Borrowings	-	159,590	159,590	-	537,101
Creditors and other credit balances	-	337,209	337,209	-	876,770	876,770
Total	-	496,799	496,799	-	1,413,871	1,413,871

6- Segment reporting

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess its performance and allocate resources, mainly from a geographical perspective.

Pursuant to the decision to dispose of entities previously included in the Media and Technology segment, OIH management has changed its internal reporting as analysed by the chief operating decision-maker and revised the reportable operating segments as follows:

- Financial service: relating to the financial services of Beltone financial Group and Riza Capital represented in the Group of different financial segment of Investment Banking, Asset Management, Brokerage and Other financial Services.

(this activity has been transferred to Orascom financial holding (demerging company) after the demerger process)

- Investment property: investment properties relate to real estate property the Group owns in Sao Paolo, Brazil.
- GSM – Lebanon: relating to the management contract of the Lebanese mobile telecommunications operator Alfa, which is owned by the Republic of Lebanon.
- Submarine cables: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- Others: Includes equity investment of the Group and income and expenses related to holding company
- The Group reports on operating segments, which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:
 - Total revenue and earnings before Interest, tax, depreciation and amortization.
 - Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

Revenue and EBITDA disclosure per segment

The following information is regularly provided to the chief operating decision maker and is measured consistently with that of the financial statements.

Continuing operations

(In thousands of EGP)	December 31, 2021				December 31, 2020			
	Operating revenue	Inter segment revenue	Revenue from external customers	Adjusted EBITDA*	Operating revenue	Inter segment revenue	Revenue from external customers	Adjusted EBITDA*
Entertainment	27,922	--	27,922	(26,054)	4,691	--	522	(16,829)
Others	14,659	(14,659)	--	(13,687)	21,564	(21,564)	--	(187,295)
Total	42,581	(14,659)	27,922	(39,741)	26,255	(21,564)	522	(204,124)

Discontinued operations

(In thousands of EGP)	December 31, 2021				December 31, 2020			
	Operating revenue	Inter segment revenue	Revenue from external customers	Adjusted EBITDA*	Operating revenue	Inter segment revenue	Revenue from external customers	Adjusted EBITDA*
Investment property	40,532	--	40,532	603,040	61,599	--	61,599	56,713
Entertainment	--	--	--	--	--	--	--	--
Cables	824,824	--	824,824	378,352	664,431	--	664,431	236,085
others	--	--	--	9,491	280,355	--	280,355	(164,927)
Total	865,356	--	865,356	990,883	1,006,385	--	1,006,385	127,871

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

* Impairment of non-financial assets and gains on sale of non-financial assets are not considered in the calculation of the adjusted EBITDA.

The following table illustrate the reconciliations on the Adjusted EBITDA to reach the net profit /(loss) before income tax for the year ended:

(in thousands of EGP)	December 31, 2021	December 31, 2020
Adjusted EBITDA	(39,741)	(204,124)
Adjustments:		
Depreciation and amortization	(5,300)	(3,652)
Gains from disposal of non-current assets	--	2,512
Finance income	2,906	68,840
Finance costs	(13,066)	(5,039)
Net gains from foreign currencies translation	16,467	517
Share of profit of equity accounted investments	425,586	2,698,231
Net impairment in equity accounted investments	(425,586)	(2,698,231)
(Loss) for the year before income tax	(38,734)	(140,946)

Assets per segment

The following table illustrates assets for each reportable segment as they are regularly provided to the management.

(In thousands of EGP)	December 31, 2021					December 31, 2020				
	Property and equipment	Intangible assets	Investment property	Equity instruments	Total	Property and equipment	Intangible assets	Investment property	Equity instruments	Total
Investment Property	--	--	206,162	--	206,162	--	--	673,254	--	673,254
Entertainment activities	179,545	--	--	--	179,545	65,293	--	--	--	65,293
Cables	--	--	--	--	--	861,917	37,381	--	--	899,298
Other	36,071	--	--	613,632	649,703	38,255	--	--	613,632	651,887
Total	215,616	--	206,162	613,632	1,035,410	965,465	37,381	673,254	613,632	2,289,732

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment for the year ended December 31, 2021, and the year ended December 31, 2020:

(In thousands of EGP)	The year ended December 31, 2021	The year ended December 31, 2020
Financial services (discontinued operations)	--	11,757
Submarine cables (discontinued operations)	493,778	223,766
Investment property	206,162	--
Entertainment activities	117,642	62,897
Total	817,582	298,420

7- Assets and liabilities held for sale and discontinued operations results

a-Assets and liabilities held for sale

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 Orastar Limited. Trans World Associates (Private) Ltd. "TWA" which is 51% of the TWA's capital. Accordingly, the assets and liabilities of TWA have been reclassified into assets held for sale and liabilities associated with assets held for sale, and the sale process has been completed. In the later period (see Note 36). The assets and liabilities held for sale are as follows:

<u>Assets held for sale</u>	<u>December 31, 2021</u>
(In thousands)	
Fixed assets	924,770
Intangible assets	39,830
Other assets	208,692
Inventory	15,098
Accounts receivables	208,714
Debtors and other debit balances	146,516
Cash and cash equivalent.	42,486
Total Assets held for sale	1,586,106
<u>Liabilities associated with assets held for sale</u>	
Financial liabilities	357,566
Other liabilities	175,162
Tax liabilities	80,386
Creditors and other credit balance	292,955
Received under the sale transaction of TWA*	46,964
Total liabilities associated with assets held for sale	953,033

* Represents amounts received under the sale of TWA equivalent to USD 3 million and within January 2022, the Company has completed the sale process, and the procedures for transferring the ownership of the shares are being completed.

b-Discontinued operations results

The discontinued operations represent the following: -

(In thousands of EGP)		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discontinued operations resulting from the disposal of TWA	(7-b-1)	132,144	73,392
Discontinued operations resulting from Orascom Telecom Lebanon	(7-b-1)	(26,645)	161
Discontinued operations resulting from Contact Financial Holding	(7-b-1)	-	91,335
Discontinued operations resulting from Beltone Financial Holding	(7-b-1)	-	(134,347)
Discontinued operations resulting from disposals of floors in Brazil	(7-b-1)	544,854	23,225
Net profit from discontinued operations		650,353	53,766

(7-b-1) Discontinued operations result from TWA:

The following is TWA' profits during the financial year ending :

(In thousands of EGP)	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Operating income	824,824	664,431
Purchase and service costs	(292,197)	(311,446)
Employee's costs	(130,442)	(99,578)
Depreciation and amortization	(127,968)	(68,704)
Gain on disposal of non-current assets	2,045	442
Other operating expenses	(25,878)	(17,764)
Net financing costs	(65,880)	(52,494)
Profit for the year before taxes	184,504	114,887
Income tax	(52,360)	(41,495)
Net profit for the year	132,144	73,392

7- Assets and liabilities held for sale and discontinued operations results

a-Assets and liabilities held for sale

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 Orastar Limited. Trans World Associates (Private) Ltd. "TWA" which is 51% of the TWA's capital. Accordingly, the assets and liabilities of TWA have been reclassified into assets held for sale and liabilities associated with assets held for sale, and the sale process has been completed. In the later period (see Note 36). The assets and liabilities held for sale are as follows:

<u>Assets held for sale</u>	<u>December 31, 2021</u>
(In thousands)	
Fixed assets	924,770
Intangible assets	39,830
Other assets	208,692
Inventory	15,098
Accounts receivables	208,714
Debtors and other debit balances	146,516
Cash and cash equivalent.	42,486
Total Assets held for sale	1,586,106
<u>Liabilities associated with assets held for sale</u>	
Financial liabilities	357,566
Other liabilities	175,162
Tax liabilities	80,386
Creditors and other credit balance	292,955
Received under the sale transaction of TWA*	46,964
Total liabilities associated with assets held for sale	953,033

* Represents amounts received under the sale of TWA equivalent to USD 3 million and within January 2022, the Company has completed the sale process, and the procedures for transferring the ownership of the shares are being completed.

b-Discontinued operations results

The discontinued operations represent the following: -

(In thousands of EGP)		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discontinued operations resulting from the disposal of TWA	(7-b-1)	132,144	73,392
Discontinued operations resulting from Orascom Telecom Lebanon	(7-b-1)	(26,645)	161
Discontinued operations resulting from Contact Financial Holding	(7-b-1)	-	91,335
Discontinued operations resulting from Beltone Financial Holding	(7-b-1)	-	(134,347)
Discontinued operations resulting from disposals of floors in Brazil	(7-b-1)	544,854	23,225
Net profit from discontinued operations		650,353	53,766

(7-b-1) Discontinued operations result from TWA:

The following is TWA' profits during the financial year ending :

(In thousands of EGP)		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Operating income		824,824	664,431
Purchase and service costs		(292,197)	(311,446)
Employee's costs		(130,442)	(99,578)
Depreciation and amortization		(127,968)	(68,704)
Gain on disposal of non-current assets		2,045	442
Other operating expenses		(25,878)	(17,764)
Net financing costs		(65,880)	(52,494)
Profit for the year before taxes		184,504	114,887
Income tax		(52,360)	(41,495)
Net profit for the year		132,144	73,392

(7-b-2) Discontinued operations result from Orascom telecom Lebanon:

In December 2019, the Company's board of directors received a letter from the Lebanese Ministry of Communications for not renewal the contract of the management between Orascom Investment Holding and the Lebanese Ministry of Communications for the management of the Mobil Antrim Company (MIC), known commercially in Lebanon as Alpha Company, which is managed by Orascom Telecom Lebanon, and during the year 2020, the process of transferring the management of Alfa from Orascom Telecom Lebanon to the Ministry of Telecommunications was completed, in implementation of the decision of the Council of Ministers and after fulfilling all the requirements of the management contract.

Profits / (losses) for Orascom telecon Lebanon for the year end represents in the following: -

(In thousands of EGP)	December 31, 2021	December 31, 2020
Operating revenue	--	--
Other revenue	--	72,385
Total revenue	--	72,385
Purchase and service costs	(2,171)	(3,100)
Employees' salaries and bonus	(14,635)	(51,225)
Property and equipment depreciation	--	(3,015)
Gains from non-current asset disposal	--	1,012
Other operating expenses	(40,432)	(19,653)
Net financing cost	33,366	(4,193)
(Loss) / profit at the year before tax	(23,874)	(7,789)
income tax	(2,771)	7,950
Net profit /(loss) at the year	(26,645)	161

(7-b-3) Discontinued operations result from Contact Financial Holding:

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, into a demerging company which is Orascom Investment Holding S.A.E. and a demerged company which is Orascom Financial Holding S.A.E. which was incorporated in December 2020, provided that Orascom Investment Holding S.A.E. will hold all the assets and liabilities except for investments in Beltone Financial Holding (a subsidiary) and Contact Financial Holding (an associate) which were transferred to Orascom Financial Holding S.A.E. Therefore, the Group's share of Contact Financial Holding's net profit was classified as discontinued operations.

Group's share from Contact Holding profit for the year end represented in the following:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Group share from profit for the year of Contact Financial Holding.	-	93,038
Deferred tax	-	(1,266)
Net profit for the year	--	91,772

(7-b-4) Discontinued operations result from Beltone Financial Holding:

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, into a demerging company which is Orascom Investment Holding S.A.E. and a demerged company which is Orascom Financial Holding S.A.E. which was incorporated in December 2020, provided that Orascom Investment Holding S.A.E. will hold all the assets and liabilities except for investments in Beltone Financial Holding (a subsidiary) and Contact Financial Holding (an associate) which were transferred to Orascom Financial Holding S.A.E. Therefore, the financial results of Beltone Financial Holding were classified as discontinued operations.

The Group's net (losses) from Beltone for the year end are as follows: -

(In thousands of EGP)	December 31, 2021	December 31, 2020
Brokerage operation revenues	--	278,254
Other revenues	--	2,101
Total revenues	--	280,355
Employees' salaries and bonus	--	(164,022)
Execution commissions	--	(1,807)
Property and equipment depreciation	--	(8,419)
Intangible assets amortization	--	(5,155)
Other operating expenses	--	(121,155)
Losses from discontinued operations	--	(95,861)
Net foreign currency translation differences	--	(42)
(Loss) of the year before tax	--	(116,106)
income tax	--	(18,241)
Net (loss) of the year	--	(134,347)
Company share	--	(100,156)
Non-controlling interests share	--	(34,191)

(7-b-5) Discontinued operations result from Disposal of investment properties in Brazil:

In October 2021, Orascom Investment Holding sold the floors in Brazil owned by the Company through its subsidiary Victoire Holding B.V., against a total consideration of for USD 76.5 million (equivalent to approximately EGP 1.2 billion). The contract stipulates that Orascom Investment Holding will guarantee for the buyer to obtain a fixed annual return for a period of 24 months from the date of the sale of the above-mentioned floors, with a total amount of EGP 13.262 thousand, whereby Orascom Investment Holding will transfer the difference of the return to the buyer in the event that the fixed return stipulated in the contract is not reached, OIH has agreed with the seller to open an escrow account for the full amount previously mentioned. The sale contract also stipulates a guarantee for the payment of any amounts resulting from cases brought due to real estate taxes on floors, which are estimated at a total value of EGP 7,460 thousand, the Company's lawyer believes that there is no need to make a provision, as the Company's position is strong, and therefore the Company has not formed any provisions for the mentioned amount.

The following is the Company's share of the net profit related to the sale of floors in Brazil for the year ended:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Operating revenues	40,532	61,599
Purchase and service costs	--	(3,641)
Depreciation	(11,621)	(17,302)
Gain on sale of investment property*	605,555	--
Provisions	(3,151)	--
Other Income	4,337	--
Other operating expenses	(44,233)	(1,246)
Net financing income	88	1,657
Profit for the year before tax	591,507	41,068
Income tax	(46,653)	(17,843)
Profit for the year	544,854	23,225

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

* Profits from the sale of investment properties presented in the following for the year ended:

(In thousands of EGP)	December 31, 2021
Total collected from the sale of investment property	1,240,850
Deduct: Book value of investment property	(635,295)
Gain on sale of investment property	605,555

8- Operating revenues

(In thousands of EGP)	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenues from entertainment activities	27,922	4,691
Total	27,922	4,691

9- Purchases and services cost

(In thousands of EGP)	For the year ended December 31, 2021	For the year ended December 31, 2020
Consulting and professional services	29,626	37,503
Maintenance costs	2,720	2,614
Rent expenses	1,041	1,522
Purchases of goods and changes in inventories	12,061	1,981
Advertising and promotional services	7,157	4,441
Utilities and energy costs	813	575
Site costs	--	472
Insurance expenses	--	571
Travel and accommodation expenses	--	369
Airfare expenses	25	612
Equipment technology supplies expenses	--	234
Bank charges	--	509
Other service expenses	21,645	8,843
Total	75,088	60,246

10- Other expenses

(In thousands of EGP)	For the year ended December 31, 2021	For the year ended December 31, 2020
Promotion and gifts	--	3,600
Tax expenses	--	2,167
Other operating expenses	9,369	723
Total	9,369	6,490

11- Personnel costs

(In thousands of EGP)	For the year ended December 31, 2021	For the year ended December 31, 2020
Wages and salaries	73,464	81,204
Bonuses	8,207	3,043
Other benefits	1,030	1,471
Pension costs	--	3,592
End of service	2,773	17,657
Subscriptions	4,190	6,163
Other personnel costs	954	564
Total	90,618	113,694

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

12- Depreciation

(In thousands of EGP)	For the year ended December 31, 2021	For the year ended December 31, 2020
Depreciation of fixed assets		
Buildings	2,449	1,811
Communication stations	-	60
Computers and other equipment	2,507	1,781
Depreciation of investment property		
Buildings	344	--
Total	5,300	3,652

13- Net financing income

(In thousands of EGP)	For the year ended December 31, 2021	For the year ended December 31, 2020
Finance income generated from:		
Interest income	2,906	68,840
Total financial income	2,906	68,840
Finance cost generated from:		
Interest expense	(1,149)	(5,039)
Other finance expense	(11,917)	--
Total finance cost	(13,066)	(5,039)
Net foreign currencies translation gains	16,467	517
Total foreign currencies translation Gain	16,467	517
Net financing income	6,307	64,318

14- Equity-accounted investees

(In thousands of EGP)	Country	Ownership percentage % in 2021	December 31, 2021	Ownership percentage % in 2020	December 31, 2020
Cheo Technology-Koryolink	Northern Korea	75	12,898,346	75	12,472,760
Less: Impairment in investments			(12,284,714)		(11,859,128)
			613,632		613,632

- Koryolink Company

The Group's investments in North Korea related primarily to the 75% voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during period ended September 30, 2015. Through, recognizing it as an investment in as sociates instead of investment in subsidiaries, as the Group management believes that the existence of significant influence instead of 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. 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.

Orascom Investment Holding S.A.E.**Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021**

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 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.

The following table presents the movement on the investment of Koryolink Company during the year ended:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Total assets	14,003,514	34,567,860
Total liabilities	(1,532,177)	(4,430,345)
Net assets	12,471,337	30,137,515
	December 31, 2021	December 31, 2020
Total revenues	5,873,884	6,353,124
Total expense	(5,306,436)	(2,755,483)
Net profit after tax	567,448	3,597,641
Share of profit of the associate company	425,586	2,698,231
	December 31, 2021	December 31, 2020
Opening balance of the investment in the associate	12,472,760	9,774,529
Group's share of profit of the associate company	425,586	2,698,231
Ending balance	12,898,346	12,472,760
Opening balance of impairment	(11,859,128)	(9,160,897)
Impairment of Group's share of profit of the associate	(425,586)	(2,698,231)
Ending balance of impairment	(12,284,714)	(11,859,128)
	613,632	613,632

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

15- Fixed assets

(In thousands of EGP)	Land and Buildings	Cable system and equipment	Computers, fixtures and other equipment	Assets under Construction	Right of use	Total
Cost	64,233	945,670	180,192	126,924	--	1,317,019
Accumulated depreciation and impairment	(15,319)	(264,567)	(71,668)	-	--	(351,554)
Net book value as of January 1, 2021	48,914	681,103	108,524	126,924	--	965,465
Impact of EAS 49	--	--	--	--	80,626	80,626
Additions	543	42,878	73,316	176,366	60,967	354,070
Disposals	--	(602)	(1,740)	--	(5,370)	(7,712)
Depreciation	(2,449)	--	(2,507)	--	--	(4,956)
Depreciation including in discontinued operation	(673)	(46,065)	(28,229)	--	(49,472)	(124,439)
Reclassification to assets held for sales	(6,458)	(658,074)	(174,937)	(54,341)	(89,015)	(982,825)
Reclassifications	--	--	38,233	(38,233)	--	-
Foreign currencies translation differences	1,866	(19,240)	392	(49,895)	2,264	(64,613)
Net book value as of December 31, 2021	41,743	--	13,052	160,821	--	215,616
Cost	52,520	--	22,680	160,821	--	236,021
Accumulated depreciation and impairment	(10,777)	--	(9,628)	--	--	(20,405)
(In thousands of EGP)	Land and Buildings	Cable system and equipment	Computers, fixtures and other equipment	Assets under Construction	Right of use	Total
Cost	189,638	977,279	206,389	54,272	-	1,427,578
Accumulated depreciation and impairment	(19,896)	(231,946)	(96,403)	-	-	(348,245)
Net book value as of January 1, 2020	169,742	745,333	109,986	54,272	--	1,079,333
Additions	5,733	18,541	64,314	191,685	-	280,273
Disposals	(2,044)	-	(18,157)	(106,491)	-	(126,692)
Change in scope of consolidation	(118,486)	-	(18,154)	(4,117)	-	(140,757)
Depreciation	(1,811)	-	(1,841)	-	-	(3,652)
Depreciation (in discontinued operations)	(2,848)	(44,379)	(29,818)	-	-	(77,045)
Reclassifications and presentations	(1,055)	190	6,599	(5,734)	-	-
Foreign currencies translation differences	(317)	(38,582)	(4,405)	(2,691)	-	(45,995)
Net book value as of December 31, 2020	48,914	681,103	108,524	126,924	--	965,465
Cost	64,233	945,670	180,192	126,924	--	1,317,019
Accumulated depreciation and impairment	(15,319)	(264,567)	(71,668)	-	--	(351,554)

- In December 31, 2020 There are pledged assets for Transworld company equivalent to EGP 50,472 million, and this in exchange for facilities for the Company to expand in marine cable SMW number (5).

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

16- Intangible assets

(In thousands of EGP)

	License	Goodwill	Right of use	Customer list	Trademark	Other	Total
Cost	36,143	15,017	25,972	--	--	970	78,102
Accumulated amortization and impairment	(29,545)	(8,098)	(3,078)	--	--	--	(40,721)
Net book value as of January 1, 2021	6,598	6,919	22,894	--	--	970	37,381
Additions	1,850	--	8,688	--	--	--	10,538
Amortization	--	--	--	--	--	--	--
Amortization (in discontinued operations)	(1,892)	--	(1,842)	--	--	--	(3,734)
Reclassifications for assets held for sales	(5,945)	(6,275)	(27,097)	--	--	(554)	(39,871)
Foreign currencies translation differences	(611)	(644)	(2,643)	--	--	(416)	(4,314)
Net book value as of December 31, 2021	--	--	--	--	--	--	--
Cost	--	--	--	--	--	--	--
Accumulated amortization and impairment	--	--	--	--	--	--	--

(In thousands of EGP)

	License	Goodwill	Right of use	Customer List	Trademark	Other	Total
Cost	34,358	314,265	12,080	78,200	24,900	2,340	466,143
Accumulated amortization and impairment	(27,980)	(8,098)	(1,941)	(15,618)	(5,002)	--	(58,639)
Net Book value as of January 1, 2020	6,378	306,167	10,139	62,582	19,898	2,340	407,504
Additions	1,202	--	16,386	--	--	559	18,147
Amortization	--	--	--	--	--	--	--
Amortization (in discontinued operations)	(1,862)	--	(1,231)	(3,910)	(1,245)	--	(8,248)
Disposals	(6)	--	(1,940)	--	--	(590)	(2,536)
Change in scope of consolidation	--	(298,871)	--	(58,672)	(18,653)	--	(376,196)
Reclassifications	1,212	--	--	--	--	(1,212)	--
Foreign currencies translation differences	(326)	(377)	(460)	--	--	(127)	(1,290)
Net book value as of 31 December 2020	6,598	6,919	22,894	--	--	970	37,381
Cost	36,143	15,017	25,972	--	--	970	78,102
Accumulated amortization and impairment	(29,545)	(8,098)	(3,078)	--	--	--	(40,721)

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

The balance of intangible assets includes goodwill resulted from the Group acquisitions during the year and prior years as the follows:

(In thousands of EGP)	December 31, 2021				December 31, 2020			
	Financial service	Cables	Others	Total	Financial service	Cables	Others	Total
Cost	--	--	8,098	8,098	298,871	7,296	8,098	314,265
Accumulated amortization and impairment	--	--	(8,098)	(8,098)	--	--	(8,098)	(8,098)
Assets held for sale	--	--	--	--	--	--	--	--
Change in scope of consolidation splitting effect	--	--	--	--	(298,871)	--	--	(298,871)
Change in scope of consolidation	--	--	--	--	--	--	--	--
Foreign currency translation differences	--	--	--	--	--	(377)	--	(377)
Net book value as of	--	--	--	--	--	6,919	--	6,919
Cost	--	--	8,098	8,098	--	6,919	8,098	15,017
Accumulated amortization and impairment	--	--	(8,098)	(8,098)	--	--	(8,098)	(8,098)

17- Investment property

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Cost of opening balance	773,640	1,086,307
Accumulated amortization and impairment of opening balance	(100,386)	(109,036)
Net book value of the opening balance	673,254	977,271
Additions	206,506	--
Disposals	(635,295)	--
Depreciation	(344)	--
Depreciation (included in discontinued operations)	(11,621)	(17,302)
Reclassifications	--	(51,142)
Foreign currencies translation differences	(26,338)	(235,573)
Net book value at the ending balance	205,818	673,254
Cost	206,162	773,640
Accumulated amortization and impairment	(344)	(100,386)

- 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 thousands, with a total amount of EGP 200.1 million, and they were recorded as investment property, in the consolidated financial statements against other income with the same value. 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.
- 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 consolidated financial statements, Bluestone Investment did not complete the legal procedures to transfer the ownership of this part of the asset.
- During October 2021, the Company announced the completion of the terms relating to the sale of the floors owned by its subsidiaries in Brazil – through Victor Investment Holding B.V. - and thus the completion

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

of the sale. It is worth noting that the sale proceeds amount to about 77.6 million US dollars (equivalent to about EGP 1.2 billion), refer to note no. (7).

(In thousands of EGP)	December 31, 2021	December 31, 2020
Rental income	--	61,599
Direct operating expenses from property that generated rental income	--	10,425
Direct operating expenses from property that did not generate rental income	--	61,599

A substantial part of the investment properties is leased to tenants under long-term operating leases with rentals payable (monthly – in advance or in arrears). Minimum lease payments receivable on leases of investment properties are as follows:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Within one year	14,076	73,450
More than one year but not later than 5 years	56,006	246,635
More than 5 years	--	21,468

18- Other financial assets

(In thousands of EGP)	December 31, 2021			December 31, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables at amortized cost	--	86,100	86,100	43,555	117,968	161,523
Pledged deposit and restricted cash at amortized cost (18-1)	53,109	--	53,109	59,024	187	59,211
	53,109	86,100	139,209	102,579	118,155	220,734

- Pledged deposit and restricted cash at amortized cost

(In thousands of EGP)	December 31, 2021			December 31, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposit	3,150	-	3,150	3,150	187	3,337
Cash at bank in North Korea	99,913	-	99,913	111,741	-	111,741
Impairment in financial assets	(49,954)	-	(49,954)	(55,867)	-	(55,867)
	53,109	--	53,109	59,024	187	59,211

Impairment losses for other financial assets have been recognized as follows:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Expected loss ratio	%50	50%
Cash at bank in North Korea– non-current	99,913	111,741
Expected credit loss during the year	(49,954)	(55,867)
Net cash at bank in North Korea – non-current	49,959	55,874

19- Income tax

(In thousands of EGP)	Financial year ended December 31, 2021	Financial year ended December 31, 2020
Current tax expense	--	8,661
Deferred tax	47,652	7,379
Total Income Tax	47,652	16,040

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the Group to offset current tax assets and liabilities, and when the deferred tax assets and liabilities are settled with the same tax authority in the country, and when the Group has the intention to settle the net of these balances or to redeem these tax assets and settle these tax liabilities at the same time.

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

The following table shows the most important deferred tax liabilities as presented in the consolidated financial statements of the Group:

(In thousands of EGP)	2021	2020
Balance as of January 1,	(118,284)	(203,374)
Foreign currency translation differences	12,707	19,577
Charged to the statement of income during the year	(47,652)	(22,005)
Charged to the statement of income (in discontinued operations)	4,452	11,154
Charged to the assets held for sale	73,395	--
Effect of the demerger	--	24,907
Adjustments of applying new accounting standards (EAS 47) on retained earnings	--	315
Reclassification	--	51,142
Balance as of 31 December 31,	(75,382)	(118,284)

The following table includes the nature of items comprising the deferred tax liabilities:

Deferred tax liabilities	December 31, 2021					December 31, 2020				
	Depreciation and amortization	Unremitted earnings	Forex	other	Total	Depreciation and amortization	Unremitted earnings	Forex	other	Total
(In thousands of EGP)										
Opening balance	(93,383)	(18,112)	(6,814)	25	(118,284)	(199,200)	(29,313)	(4,087)	29,226	(203,374)
Charged to the income statement for the year	(1,815)	(802)	--	(45,035)	(47,652)	(907)	(8,259)	1,787	--	(7,379)
Charged to the income statement for the year (in discontinued operations)	(3,140)	--	--	7,592	4,452	(2,427)	10,152	141	(11,338)	(3,472)
Reclassification	--	--	--	--	--	69,558	--	--	(18,416)	51,142
Charged to the assets held for sale	80,346	--	--	(6,951)	73,395	--	--	--	--	--
Effect of the demerger	--	--	--	--	--	20,254	9,308	(4,655)	--	24,907
Adjustments of new accounting standards (EAS 47)	--	--	--	--	--	--	--	--	315	315
Currency translation differences	14,224	--	--	(1,517)	12,707	19,339	--	--	238	19,577
Ending balance	(3,768)	(18,914)	(6,814)	(45,886)	(75,382)	(93,383)	(18,112)	(6,814)	25	(118,284)

20- Trade receivables

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Debit balance-subscribers	290,792	571,641
Receivables from Koryolink dividends	372,295	369,841
Other debit balances	18,196	9,188
Expected credit losses	(575,029)	(557,467)
Total	106,254	393,203

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

Movement of the impairment is represented as follows:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Beginning balance	557,467	550,777
Adjustments of applying new accounting standard (EAS 47)	--	15,144
Beginning balance including the effect of EAS 47	557,467	565,921
Foreign currency translation differences	7,472	2,668
Additions (recognized as an expense during the year)	4,684	4,515
Expected credit loss for the year (discontinued operations)	9,233	3,562
Used during the year	9,516	-
Transferred to assets held for sale	(9,666)	-
Effect of the demerger	--	(19,199)
Ending balance	575,029	557,467

The following table shows the aging analysis of trade receivables as of December 31, 2021 and 2020, net of the relevant allowance for doubtful debts:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Not past due	13,676	3,520
Past due 0-30 days	839	34,453
Past due 31-120 days	--	45,019
Past due 121 - 150 days	--	11,861
Past due more than 150 days	91,747	298,350
Total trade receivables	106,262	393,203

21- Other assets

(In thousands of EGP)

	December 31, 2021			December 31, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	--	2,257	2,257	238,451	43,594	282,045
Advances to suppliers	--	7,329	7,329	--	7,408	7,408
Receivables due from tax authority	--	1,418	1,418	--	19,732	19,732
Income tax paid in advance		6,424	6,425	--	51,252	51,252
Other receivables	4,000	17,193	21,193	--	22,201	22,201
Allowance for doubtful debts	--	(6,097)	(6,097)	--	(3,038)	(3,038)
Total	4,000	28,524	32,525	238,451	141,149	379,600

22- Cash and cash equivalents

(In thousands of EGP)

	December 31, 2021	December 31, 2020
Banks- current accounts and deposits *	1,112,315	341,898
Cash on hand	315	1,158
Total	1,112,630	343,056

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

* Banks current accounts as of December 31, 2021, include an amount of EGP 29 million (equivalent to USD 1.9 million) which represents restricted amounts in Lebanon according to the restrictions of the government over the local banks which related to transfers of funds abroad.

23- Issued and paid-up capital

As of December 31, 2021, the authorized capital is amounting to EGP 2,885 billion and the issued capital became EGP 577,025,968 consisting of 5,245,690,620 shares with a nominal value of EGP 0.11 per share. The authorized, issued and paid capital after split was noted in the Company's commercial registry on December 10, 2020.

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

24- Un-distributable earnings

Retained earnings include an amount of EGP 39 million as of December 31, 2021 (comparing to EGP 39 million as of December 31, 2020), which is not available for distribution, representing a legal and special reserves at the subsidiaries level.

25- Borrowings

(In thousands of EGP)

	December 31, 2021			December 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings from banks	280	159,310	159,590	151,786	287,593	439,379
Liability from sale and lease back	--	--	--	164	81,085	81,249
Other borrowings	--	--	--	8,784	7,689	16,473
Total	280	159,310	159,590	160,734	376,367	537,101

The following table shows the ageing analysis of borrowings:

(In thousands of EGP)	within one year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	Total
December 31, 2021							
Borrowings from banks	280	26,552	26,552	26,552	26,552	53,102	159,590
As of December 31, 2021	280	26,552	26,552	26,552	26,552	53,102	159,590
December 31, 2020							
Borrowings from banks	151,786	126,677	96,160	12,256	14,462	38,038	439,379
Liability from sale and lease back	164	2,687	9,315	10,552	12,008	46,523	81,249
Other borrowings	8,784	7,689	-	-	-	-	16,473
As of December 31, 2020	160,734	137,053	105,475	22,808	26,470	84,561	537,101

The loan currencies represent as follows:

(In thousands of EGP)	USD	Euro	EGP	Pakistan Rupee	Total
As of December 31, 2021	--	--	159,590	--	159,590
As of December 31, 2020	16,473	--	123,529	397,099	537,101

Liability from sale and lease back (Orascom Investment Holding)

During the year 2020, the Company sold the Company's headquarters for the purpose of re-leasing to Beltone Finance Lease company 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, which is located in 2005 A Nile City Towers - South Tower - 26th floor, of an area of 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 between the two companies referred to above, according to the following:

Company name	Financing amount (EGP)	Percentage
Beltone finance Lease Company	43,986,671	30,86%
Global Corp for financial services	98,530,153	69,14%
Total	142,516,824	100%

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.

Current borrowing – Local bank (Orascom Investment Holding)

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 addendum to the previously mentioned financing contract was signed with an increase of EGP 600,000.

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

On January 27, 2016, a credit facility contract was signed in the form of a medium-term loan to finance the purchase of assets related to the company with an Egyptian bank, according to which a facility of EGP 2 million is provided for a period of sixty-seven months ending on August 26, 2021.

Withdrawal period: It is scheduled for six months starting from the date of signing this contract and ending on July 27, 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 instalments of equal value.

On July 21, 2016, an addendum to the previously mentioned financing contract was signed with an increase of EGP 3 million.

Withdrawal period: The withdrawal period for the previously mentioned loan has been extended for another six months to end on January 26, 2017 instead of July 27, 2016.

Interest and payment periods: A return of 1.5% 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 origin returns commissions and expenses is not less than 11% .

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

Non-current borrowing

On September 30, 2020, a long-term loan contract was signed between the Bank of the Arab International Banking company and Orascom Pyramids for Entertainment Projects S.A.E., provided that the Bank of the Arab International Banking Company grants the company financing in the form of a long-term loan amounting to EGP 230 million. This is for the purpose of contributing to the financing of the remaining part of the investment costs of the project to develop and provide services in the visit area of the Giza Pyramids and the adjacent and associated areas according to the usufruct licensing contract dated December 13, 2018, concluded between the Supreme Council of Antiquities and Orascom Investment Holding Company, as follows:

- An amount of EGP 80 million for the civil works for the restaurant complex and the connection of utilities.
- An amount of EGP 52 million for the infrastructure works for the information network information systems and the accounting system for the project.
- An amount of EGP 90 million for the civil works, renovations and improvements to the visitors' building, the VIP building "the current student building", the site of the visit, the organization of the area for the stables "horses - camels - karts" and for the electric vans, the charging station and its maintenance.
- An amount of EGP 8 million for the field work of The Nile Pyramids Lounge.

Non-current financing

During 2021, the Company signed a financing contract worth EGP 251 million from the National Bank to finance 72.5% of the capital costs related to the sound and light development project in 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.

- The following table shows the movement of borrowings during the year:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Opening balance	537,101	1,052,448
Current borrowing	160,734	747,832
Non-current borrowing	376,367	304,616
Impact of EAS 49	83,036	--
Repayment of borrowings and interest	(94,859)	(318,531)
Proceeds from borrowings	108,897	119,582
Repayment of borrowings (discontinued operations)	(196,787)	(69,569)
Proceeds of borrowings (discontinued operations)	38,520	29,325
Effect of the demerger	--	(477,091)
Transferred to Liabilities held for sale	(357,566)	--
Foreign currency translation differences	41,248	200,937
Ending balance	159,590	537,101
Current borrowings	280	160,734
Non-current borrowings	159,310	376,367

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

26- Other liabilities

(In thousands of EGP)

	December 31, 2021			December 31, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Capital expenditure payables				-	76,511	76,511
Trade payables *	--	172,658	172,658	-	306,996	306,996
Customers credit balances	--	7,414	7,414	-	80,207	80,207
Other trade payables	--	1,900	1,900	-	5,358	5,358
	--	181,972	181,972	-	469,072	469,072
Accrued and deferred revenue	--	58	58	100,421	19,648	120,069
Due to government bodies	--	277	277	-	84,934	84,934
Accrued employee expenses	--	45,808	45,808	-	59,329	59,329
Dividends payable to NCI **	--	--	--	-	2,837	2,837
Customer deposits	--	354	354	-	576	576
Other credit balances ***	--	167,341	167,341	-	260,024	260,024
	--	213,838	213,838	100,421	427,348	527,769
Total	--	395,810	395,810	100,421	896,420	996,841

(*) This balance includes balances of related parties (refer to note no. 31 for information about the significant transactions with related parties and the balances resulted from these transactions on the date of financial statements)

(**) The balance of dividends from shareholders represents the balance due to shareholder Omar Al-Zawawi in Trans World Associates (Private) limited to extend the dividends made during the year 2020.

(***) Current other credit balance includes employee benefits in Orascom Telecom Lebanon company with an amount of EGP 15.2 million as of December 31, 2021, (EGP 120.1 million as of December 31, 2020).

27- Provisions

(In thousands of EGP)	January 1, 2021	No longer required	Formed	Formed from discontinued operations	Used	Change in scope as a result of the demerger	Foreign currency translation differences	December 31, 2021
Year 2021								
Provision for claims (current portion)	373,995	--	37,390	25,338	(1,481)	--	329	435,571
Total provision as of December 31, 2021	373,995	--	37,390	25,338	(1,481)	--	329	435,571
2020								
Provision for claims (current portion)	470,468	(33,987)	56,470	8,410	(75,750)	(53,262)	1,646	373,995
Total provision as of December 31, 2020	470,468	(33,987)	56,470	8,410	(75,750)	(53,262)	1,646	373,995

Provisions are related to expected claims resulting from the Group companies' ordinary course of business. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Group believes that doing so, will strongly affect the final settlement of these provisions for claims.

28- (Losses) / earnings per share

Basic: Basic (losses) / earnings per share is calculated by dividing the net (loss) / profit attributable to shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the year.

	The year ended December 31, 2021	The year ended December 31, 2020
Net (loss) for the year from continuing operation (in thousands of EGP)	(86,441)	(157,278)
Weighted average number of shares (in thousands)	5,245,691	5,245,691
(Losses) per share (in EGP)	(0.016)	(0.030)

	The year ended December 31, 2021	The year ended December 31, 2020
Net profit from discontinued operations (in thousands of EGP)	584,391	51,995
Weighted average number of shares (in thousands)	5,245,691	5,245,691
Earnings per share (in EGP)	0.111	0.010

29- Subsidiaries with significant non-controlling interests

Trans World Associates (Pvt) Ltd is a subsidiary owned by significant non-controlling interest as follows:

Company name	Activity country	Percentage of non-controlling interests		Carrying amount of non-controlling interests	
		31 December 2021	2020	31 December 2021	2020
(in thousands of EGP)					
Trans World Associates (Pvt) Ltd	Pakistan	49%	49%	327,387	295,806

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held. The Company does not have any shareholdings in preference share of subsidiaries included in the Group.

Summarised financial information of non-wholly owned subsidiaries with material non-controlling interests.

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

Summarised statement of Financial position:

(in thousands of EGP)	Trans World Associates (Pvt) Ltd December 31, 2021
Current assets	1,579,276
Current liabilities	(905,753)
Net assets	673,523
NCI's rights in subsidiary	330,026
Consolidation adjustments	(2,639)
Balance of NCI	327,387

(in thousands of EGP)	Trans World Associates (Pvt) Ltd December 31, 2020
Current assets	416,124
Current liabilities	(503,319)
Total current assets	(87,195)
Non-current assets	1,224,779
Non-current liabilities	(529,486)
Total non-current assets	695,293
Net assets	608,098
NCI's rights in subsidiary	1,824
Net assets after NCI	609,922
NCI's before adjustments	298,862
NCI on subsidiaries level	(1,824)
	297,038
Consolidation adjustment	(1,232)
Balance of NCI	295,806

Summarised statement of comprehensive income:

(in thousands of EGP)	Trans World Associates (Pvt) Ltd The financial year ended December 31,	
	2021	2020
Profit After tax from continuing operations	132,144	73,392
Other comprehensive income items that may be subsequently reclassified to profit or loss	(67,145)	(30,991)
Total comprehensive income	64,999	42,401
Total comprehensive income allocated to non-controlling interests	31,850	20,776

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

Summarised statement of cash flows:

(in thousands of EGP)	Trans World Associates (Pvt) Ltd	
	The financial year ended December 31,	
	2021	2020
Net cash generated by operating activities	298,325	135,865
Net cash (used in) investing activities	(123,776)	(89,563)
Net cash (used in) financing activities	(222,107)	(55,098)
Net change in cash and cash equivalents during the year	(47,558)	(8,796)
Effect of movement in exchange rates on cash and cash equivalents	(2,144)	(5,755)
Cash and cash equivalents at the beginning of the year	92,188	106,739
Cash and cash equivalents at the end of the year	42,486	92,188

30- Capital Commitments

The capital commitments are as follows:

(In thousands of EGP)	December 31, 2021	December 31, 2020
Commitments related to property and equipment	67,378	59,488
Other commitments	28,005	38,515
Total	95,383	98,003

31- Related parties

The following table provides the total amount of significant transactions that have been entered with related parties together with balances outstanding as of the relevant years of the financial statements:

(In thousands of EGP)	December 31, 2021			December 31, 2020		
	Purchase of services and goods	Selling goods and services	Investment expenses	Purchase of services and goods	Selling goods and services	Investment expenses
Associate						
Koryolink	--	2,454	--	--	3,674	--
Other related parties						
LTD Orastar	--	--	--	--	--	(460)
Dr. Omar Zawawy (shareholder of a subsidiary)	--	--	--	--	--	(118)

(In thousands of EGP)	December 31, 2021		December 31, 2020	
	Receivables	Payables	Receivables	Payables
Other related parties				
Orastar LTD	326	--	11,016	--
Dr. Omar Zawawy (shareholder of a subsidiary)	(326)	--	5,456	--
Koryolink	--	154,840	--	140,516
Fund Beltone Mena Equity	--	--	--	--
EGX funds company	--	--	--	--
Misr Beltone	--	--	--	--
International Fund Management Services	--	--	--	--
Electronic Fund Management Service Co.	--	--	--	--

Orascom Investment Holding S.A.E.**Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021**

The Group has due balances from Cheo Technology Joint Venture Company "Koryolink" - a subsidiary company- amounting to EGP 280,994 thousand as of December 31, 2021 (EGP 278,540 thousand as of December 31, 2020), for which impairment losses were fully formed, and the group did not perform between the debit balances against the credit balances related to Koryolink since the Group does not have a legal right of set-off, nor does it intend to settle the amounts recognized on a net basis or realize the asset and settle the liability at the same time.

Key management compensation

(In thousand EGP)	The year ended December 31, 2021	The year ended December 31, 2020
Board of directors' allowances	25,326	17,657
	25,326	17,657

32- Contingent liabilities

Contingent liabilities are represented in guarantees issued by the holding company and related to the activities of its subsidiaries, as follows:

Trans World Associates (Subsidiary) which was reclassified to assets and liabilities held for sale

- A bank guarantee issued in favour of Higher Education Commission (HEC) amounted to EGP 571 thousand and valid until December 31, 2022.
- There is a restricted balance, which is equivalent to EGP 29,274 thousand, in favour of Inbox company valid until June 30, 2022.
- A bank guarantee issued in favour of Infinity link amounted to EGP 891 thousand and valid until December 31, 2022.
- There is a letter of credit equivalent to EGP 8 thousand, in favour of EZY Infotech ME FZE for the purchase of telecommunications equipment.
- There is a letter of credit equivalent to EGP 7.7 thousand, in favour of premier system FZE for the purchase of telecommunications equipment.
- There is a letter of credit amount EGP 133 thousand in favour of K Electric
- There is a letter of credit amount EGP 80 thousand in favour of state bank

Orascom Pyramids for Entertainment Projects

- There are letters of guarantee amounting to EGP 20 million in favor of the SAIB.

Orascom Investment Holding Company

- There are letters of credit amounting to EGP 53.5 million in favor of the National Bank of Egypt

33- Other income

EGP	December 31, 2021	December 31, 2020
Other income	200,742	--
Total	200,742	--

Other income includes an amount of EGP 200.1 million, which represents the value of assets received from Blue Stone company, refer to note no. (17).

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

34- Representation on comparative figures

The following table summarizes the representations made to the consolidated statement of income for the year ended on December 31, 2020 to be in conformity with the presentation of the current financial statements related to discontinued operations after the Demerger and sale of real estate investment in Brazil and reclassification of Trans World Associates Limited to assets and liabilities held for sale, as follows:

(In thousands of EGP)	December 31, 2020		December 31, 2020
	As issued	Representation	Represented
Continuing operations			
Operating revenues	730,489	(725,798)	4,691
Other income	232	(232)	--
Purchases and services costs	(375,333)	315,087	(60,246)
Other expenses	(22,042)	15,552	(6,490)
Provisions formed	(22,483)	--	(22,483)
Personnel costs	(213,272)	99,578	(113,694)
Depreciation and amortization	(89,658)	86,006	(3,652)
Impairment of non-current assets	(9,359)	3,457	(5,902)
Gains from disposal of non-current assets	2,935	(423)	2,512
Operating (losses)	1,509	(206,773)	(205,264)
Finance income	74,079	(5,239)	68,840
Finance cost	(53,833)	48,794	(5,039)
Foreign currencies translation (loss)	(7,184)	7,701	517
Share of profit of equity accounted investees	2,698,231	--	2,698,231
Net impairment in equity accounted investees	(2,698,231)	--	(2,698,231)
(Loss) for the year before income tax	14,571	(155,517)	(140,946)
Income tax	(75,377)	59,337	(16,040)
(Loss) for the year from continuing operation	(60,806)	(96,180)	(156,986)
Discontinued operations			
Operation results from discontinued operations after tax	(42,414)	96,180	53,766
(Loss) for the year	(103,220)	--	(103,220)

35- The effect of the demerger on the statement of financial position

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.

Orascom Investment Holding S.A.E.

Notes to the Consolidated Financial Statement for The Financial Year Ended December 31, 2021

The following is an illustration for the balances transferred to the demerged company on demerger date:

(In thousands of EGP)	Orascom Investment Holding before the demerger <u>December 31, 2020</u>	The demerged company (Orascom Financial Holding) <u>December 31, 2020</u>	The demerging company (Orascom Investment Holding) after the demerger <u>December 31, 2020</u>
<u>Non-current assets</u>			
Property and equipment	1,106,221	140,756	965,465
Intangible assets	413,577	376,196	37,381
Investment property	673,254	--	673,254
Equity accounted investees	2,385,070	1,771,438	613,632
Other financial assets	167,143	64,564	102,579
Other assets	238,451	--	238,451
Total non-current assets	4,983,716	2,352,954	2,630,762
<u>Current assets</u>			
Inventories	12,154	--	12,154
Trade receivables	1,183,668	790,465	393,203
Other financial assets	171,236	53,081	118,155
Other assets	150,891	9,742	141,149
Cash and cash equivalents	679,618	336,562	343,056
	2,197,567	1,189,850	1,007,717
Total assets	7,181,283	3,542,804	3,638,479
<u>Equity and liabilities</u>			
Total equity	4,225,760	2,667,866	1,557,894
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Borrowings	376,367	--	376,367
Creditors and other credit balances	100,421	--	100,421
Deferred tax liabilities	143,189	24,905	118,284
	619,977	24,905	595,072
<u>Current liabilities</u>			
Borrowings	637,825	477,091	160,734
Creditors and other credit balances	1,197,007	300,587	896,420
Tax liabilities – income tax	73,455	19,091	54,364
Provisions	427,259	53,264	373,995
Total current liabilities	2,335,546	850,033	1,485,513
Total liabilities	2,955,523	874,938	2,080,585
Total equity and liabilities	7,181,283	3,542,804	3,638,479

36- 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 approximately USD 35 million and the Company is currently in the process of transferring the ownership of the shares.