



**Orascom Investment Holding
S.A.E.
Condensed Interim Separate Financial Statements
As of and for the three-month period ended March 31, 2022
Together with Review Report**



Hazem Hassan
Public Accountants & Consultants

Translation of review report
originally issued in Arabic

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Review Report on Condensed Interim Separate Financial Statements

To: The Board of Directors of Orascom Investment Holding (S.A.E)

Introduction

We have reviewed the accompanying condensed interim separate statement of financial position of Orascom Investment Holding (S.A.E) as of March 31, 2022, and the related condensed interim separate statements of income, comprehensive income, changes in equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim separate financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim separate financial statements based on our review.

Scope of Review

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

The Base of Qualified Conclusion

- 1- The Company has significant influence in its investments in CHEO Technology JV ("Koryolink"), in the Republic of North Korea, which is carried at EGP 613 million as of March 31, 2022, which is classified as "Investments in associates", also, the Company has cash balances in North Korean Banks amounting to EGP 55,6 million, which the Company classified as other financial assets as of March 31, 2022. As Koryolink is operating under an international ban and financial restrictions imposed by the international community on North Korea, which lead to difficulties in transferring profits abroad and repatriating the funds outside of North Korea.

We were unable to obtain sufficient and appropriate audit evidence supporting the recoverable amount of the Company's investment in Koryolink as well as the valuation of cash balances in North Korean Banks as of March 31, 2022. Accordingly, we were unable to obtain assurance about the measurement of the recoverable amount of the investment balance as well as the valuation of cash balances in North Korean Banks as of March 31, 2022, Consequently, we were unable to determine whether any adjustments to these amounts were necessary.



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- 2- We have not provided with bank confirmation on bank balances at Audi bank in Lebanon amounting to EGP 301 461 as of March 31, 2022, also, we have not obtained bank confirmation for the same bank as of December 31, 2021, therefore, we couldn't obtain reasonable assurance over the completeness of the transactions and disclosures related to this bank for the three month-period ended March 31, 2022.

Qualified conclusion

Based on our review, except for the possible effects of the matters described in in the Basis of Qualified Conclusion, as might have been determined to be necessary if we obtained of the matters described in the Basis of Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed interim separate financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

KPMG Hazem Hassan


Public Accountants and Consultants

Cairo June 15, 2022



ORASCOM INVESTMENT HOLDING "S.A.E".
Condensed interim separate statement of financial position as of

(In thousands of EGP)	Note no.	<u>March 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current assets</u>			
Fixed assets	(12)	35,858	35,990
Investment property	(13)	205,129	206,162
Investments in subsidiaries	(14)	662,939	662,939
Investments in associates	(15)	613,632	613,632
Other financial assets	(7-A)	56,884	53,109
Total non-current assets		1,574,442	1,571,832
<u>Current assets</u>			
Due from related parties	(8-a)	2,530	821
Debtors and other debit balances	(9)	7,800	6,818
Other financial assets	(7-B)	3,150	--
Cash and cash equivalents	(6)	671,038	97,600
		684,518	105,239
Assets held for sale	(28)	--	60,862
Total current assets		684,518	166,101
Total assets		2,258,960	1,737,933
<u>Equity</u>			
Issued and paid-up capital	(17)	577,025	577,025
Legal reserve		177,927	175,822
Result of the demerger		(129,087)	(129,087)
Retained earnings		202,109	162,107
Net profit for the period / year		434,932	42,107
Total equity		1,262,906	827,974
<u>Non-current liabilities</u>			
Deferred tax liabilities	(5)	24,854	2,952
Total non-current liabilities		24,854	2,925
<u>Current liabilities</u>			
Provisions	(17)	278,770	274,216
Borrowings	(16)	143	280
Trade payables		233	232
Other credit balances	(10)	59,170	60,424
Income tax liabilities		108,000	--
Due to related parties	(11)	524,884	524,918
		971,200	860,070
Liabilities associated with assets held for sale	(28)	--	46,964
Total current liabilities		971,200	907,034
Total liabilities		996,054	909,959
Total liabilities and equity		2,258,960	1,737,933

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

Chief Financial Officer

Review Report "Attached"

Chairman

ORASCOM INVESTMENT HOLDING "S.A.E".

Condensed interim separate statement of income for the three months ended

(In thousands EGP)	<u>Note no.</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u> <u>Represented</u>
<u>Continuing operations</u>			
Other income	(3)	4,483	60
Total income		4,483	60
<u>(Less)</u>			
Employees costs and board of directors' remunerations	(4)	(11,151)	(12,495)
Consulting and professional services fees		(4,014)	(6,262)
Subscription expenses		(2,694)	(5,559)
Depreciation of fixed assets and investment property	(12,13)	(1,303)	(417)
Provisions formed	(18)	(4,554)	(1,891)
Net impairment losses in financial assets	(19)	(11,762)	(5,038)
Other expenses	(22)	(2,835)	(2,537)
Operating (losses)		(33,830)	(34,139)
Interest income	(21)	125	213
Finance costs		(13)	(2,545)
Net foreign currencies translation differences		102,687	5,217
Net financing income / (costs)		102,799	(7,549)
Net profit / (loss) for the period before tax		68,969	(41,688)
Income taxes	(5)	(18,354)	(646)
Net profit / (loss) for the period from continuing operations after tax		50,615	(42,334)
Profit / (loss) from discontinued operations after tax	(28)	384,317	(14)
Net profit for the period		434,932	(42,348)
Earnings / (losses) per share from continuing operations			
- Basic and diluted	(20)	0.0096	(0.0081)
Earnings / (losses) per share from discontinued operations			
- Basic and diluted	(20)	0.073	(0.000003)

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

ORASCOM INVESTMENT HOLDING "S.A.E".

Condensed interim separate statement of comprehensive income for the three months ended

(In thousands of EGP)

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Net profit / (loss) for the period	434,932	(42,348)
Other comprehensive income items	--	--
Total comprehensive income / (loss) for the period	434,932	(42,348)

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

ORASCOM INVESTMENT HOLDING "S.A.E".

Condensed interim separate statement of changes in equity for the three months ended March 31, 2022

(In thousands of EGP)	Issued and paid-up capital	Legal reserve	Result of the demerger	Retained earnings	Net profit / (loss) for the year / period	Total
Balance as of January 1, 2021	577,025	170,033	(129,087)	52,123	115,773	785,867
Transferred to legal reserve	--	5,789	--	--	(5,789)	--
Transferred to retained earnings	--	--	--	109,984	(109,984)	--
Total comprehensive (loss) for the period	--	--	--	--	(42,348)	(42,348)
Balance as of March 31, 2021	577,025	175,822	(129,087)	162,107	(42,384)	743,519
Balance as of January 1, 2022	577,025	175,822	(129,087)	162,107	42,107	827,974
Transferred to legal reserve	--	2,105	--	--	(2,105)	--
Transferred to retained earnings	--	--	--	40,002	(40,002)	--
Total comprehensive income for the period	--	--	--	--	434,932	434,932
Balance as of March 31, 2022	577,025	177,927	(129,087)	202,109	434,932	1,262,906

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

ORASCOM INVESTMENT HOLDING "S.A.E".
Condensed interim separate statement of cash flows for the three months ended

(In thousands of EGP)	<u>Note no.</u>	<u>March 31, 2022</u>	<u>March 31, 2021 Represented</u>
Net profit / (loss) for the period before tax		68,969	(41,688)
Adjustments for:			
Depreciation of fixed assets and investment property	(12,13)	1,303	417
Capital (gains)		--	(60)
Interest income		(125)	(213)
Impairment loss of financial assets		11,762	5,038
Finance costs		13	2,545
Net foreign currencies translation differences		(102,687)	5,217
Changes in:		(20,765)	(28,744)
Due from related parties		(6,542)	(8,370)
Other debit balances		(982)	5498
Trade payables		1	(854)
Other credit balances		(5,941)	(14,833)
Due to related parties		(34)	(25,418)
Provisions		4,554	1,891
Cash flows (used in) operating activities from continuing operations		(29,709)	(70,880)
Interest received		125	213
Net cash flows (used in) operating activities from continuing operations		(29,584)	(70,667)
Cash flows from investing activities			
Payments for purchase of fixed assets		(140)	--
Proceeds from sale of property and equipment		--	311
Net cash flows (used in) / provided from investing activities		(140)	311
Cash flows from financing activities			
Interest paid		(13)	(37)
Payments for loans		(137)	(433)
Net cash flows (used in) financing activities		(150)	(470)
Net change in cash and cash equivalents during the period from continuing operations		(29,874)	(70,826)
Discontinued operations:			
Net cash flows provided from operating activities		--	45
Net cash flow provided from investing activities		509,791	--
Net cash flow provided from financing activities		--	--
Net change in cash and cash equivalents from discontinued operations		509,791	45
Net change in cash and cash equivalents during the period		479,917	(70,781)
Change in exchange rate in cash and cash equivalents		93,521	(138)
Cash and cash equivalents at the beginning of the period		97,600	97,419
Cash and cash equivalents at the end of the period	(6)	671,038	26,500

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

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

1. Background

a- Legal form

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

b- Purpose of the Company

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

2. Basis of preparation of the condensed interim separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

- The condensed interim separate financial statements have been prepared in accordance with the Egyptian Accounting Standards No. (30) interim financial statements in compliance with the applicable Egyptian laws and regulations. accordingly, the interim separate financial statements were prepared as a summary compared to the Company’s separate annual financial statements for the fiscal year ended on December 31, 2021. Those condensed interim separate financial statements do not include all the information required when preparing the complete annual financial statement and must be read along with the Company’s separate annual financial statements on December 31, 2021.
- The condensed interim separate financial statements of the Company as of and for the three-month period ended March 31, 2022, were approved by the board of directors on June 15, 2022.

b- Basis of measurement

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

- Financial derivatives
- Financial instruments at fair value through profit or loss
- Financial assets at fair value through other comprehensive income.
- Investments in subsidiaries and associates are accounted for at cost basis, in the separate financial statements, which represents the Company’s direct ownership interest in equity and not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

c- Presentation currency

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

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

d- Use of estimates and judgments

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A. Estimation of fair value

Management uses estimates and assumptions for determining the carrying amount for assets and liabilities that cannot be measured reliably from other sources.

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

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

3. Other income

(In thousands of EGP)

	The three months ended March 31, 2022	The three months ended March 31, 2021
Income from investment property *	4,285	--
Other income	198	60
	4,483	60

* Represents in rental income of investment property assets relating to offices owned by the Company in a building in Brazil (refer to note no. 13)

4. Employees costs and board of directors' remunerations

(In thousands of EGP)

	The three months ended March 31, 2022	The three months ended March 31, 2021
Employees' costs	(10,241)	(11,670)
Board of directors' remunerations	(910)	(825)
	(11,151)	(12,495)

5. Income taxes

Income tax (condensed interim separate statement of income)

(In thousands of EGP)

	The three months ended March 31, 2022	The three months ended March 31, 2021
Deferred tax	(21,929)	(646)
Current income tax	3,575	--
Income tax expenses	(18,354)	(646)

Deferred tax movement (condensed interim separate statement of financial position)

(In thousands of EGP)

	March 31, 2022	March 31, 2021
Balance at the beginning of the period	2,925	1,952
Charged to the condensed interim separate statement of income during the period	21,929	646
Balance at the end of the period	24,854	2,598

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

6. Cash and cash equivalents

(In thousands of EGP)

	March 31, 2022	December 31, 2021
Cash on hand	294	165
Current accounts - local currency	877	6,830
Current accounts - foreign currencies	669,867	90,605
	671,038	97,600

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

7. Other financial assets

A-Non-current

(In thousands of EGP)

Cash in banks in North Korea - non-current	113,762	99,913
Pledged deposits - non-current	--	3,150
Impairment loss of financial assets	(56,878)	(49,954)
Total – non- current	56,884	53,109

March 31, 2022

December 31, 2021

B-Current:

(In thousands of EGP)

Pledged deposits	3,150	--
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March 31, 2022

December 31, 2021

8. Due from related parties

a- Current

(In thousands of EGP)

CHEO Technology Joint Venture (Koryolink)	281,264	280,994
Orascom Prisme Entertainment	35,180	35,173
Orascom Telecom Lebanon	10,993	10,993
Orascom Telecom Holding	3,848	3,848
Osorcon company	3,474	3,474
O-Capital for Services and Contracting	2,911	2,906
OSL for Entertainment Projects	2,043	207
Riza Capital	1,429	1,429
Orascom Telecom Mobile Infrastructure Services	996	996
Victoire investment holding	483	414
Orascom Financial Holding	4	--
Orascom Pyramids Entertainment	--	200
Impairment loss		
Impairment loss in due from related parties *	(340,095)	(339,813)
	2,530	821

March 31, 2022

December 31, 2021

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

Impairment in due from related parties

(In thousands of EGP)

CHEO Technology Joint Venture (Koryolink)	(281,264)	(280,994)
Orascom Prisme Entertainment	(35,180)	(35,173)
Orascom Telecom Lebanon	(10,993)	(10,993)
Orascom Telecom Holding	(3,848)	(3,848)
Osorcon company	(3,474)	(3,474)
O-Capital for Services and Contracting	(2,911)	(2,906)
Riza Capital	(1,429)	(1,429)
Orascom Telecom Mobile Infrastructure Services	(996)	(996)
	(340,095)	(339,813)

March 31, 2022

December 31, 2021

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

b- Non-current

(In thousands of EGP)

Oracap Holding company *

Impairment

Impairment loss in Oracap Holding *

<u>March 31, 2022</u>	<u>December 31, 2021</u>
446,393	441,838
<u>(446,393)</u>	<u>(441,838)</u>
--	--

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

9. Debtors and other debit balances

(In thousands of EGP)

Letters of guarantee*

Withholding tax

Employees' custodies

Prepaid expenses

Others

Impairment

Impairment loss in other debit balances

<u>March 31, 2022</u>	<u>December 31, 2021</u>
5,943	5,943
1,012	1,012
569	631
737	277
5,624	5,040
<u>(6,085)</u>	<u>(6,085)</u>
<u>7,800</u>	<u>6,818</u>

* The amount represents in letters of guarantee cash cover as of March 31, 2022, for insurance of investment expenditure for the Sound and Light project, which is in the process of being contractually transferred from Orascom Investment Holding company to OSL Entertainment Projects company.

10. Other credit balances

(In thousands of EGP)

Accrued expenses

Salaries tax

Value added tax

Social insurance authority

Withholding tax

Other

<u>March 31, 2022</u>	<u>December 31, 2021</u>
56,480	54,529
389	3,289
134	504
52	54
9	20
2,106	2,028
<u>59,170</u>	<u>60,424</u>

11. Due to related parties

(In thousands of EGP)

Orascom Telecom Ventures

O-Capital for Energy

Orascom Prisme Entertainment

<u>March 31, 2022</u>	<u>December 31, 2021</u>
518,577	518,717
6,195	6,201
112	--
<u>524,884</u>	<u>524,918</u>

Orascom Investment Holding S.A.E.
Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

12. Fixed assets

	Buildings	Improvements in buildings	Furniture and office equipment	Computers	Vehicles	Total
<u>(In thousands of EGP)</u>						
<u>Cost</u>						
Balance as of January 1, 2021	44,743	--	249	2,047	3,555	50,588
Additions during the period	--	--	--	--	--	--
Disposals during the period	--	--	--	(31)	(1,887)	(1,918)
Balance as of March 31, 2021	44,743	--	249	2,016	1,668	48,670
Balance as of January 1, 2022	44,743	--	249	2,012	1,667	48,671
Disposals during the period	--	--	140	--	--	140
Balance as of March 31, 2022	44,743	--	389	2,012	1,667	48,811
<u>Accumulated depreciation</u>						
Balance as of January 1, 2021	7,974	--	242	1,703	2,880	12,799
Depreciation charge for the period	228	--	2	63	124	417
Disposals during the period	--	--	--	(31)	(1,636)	(1,667)
Balance as of March 31, 2021	8,202	--	244	1,735	1,368	11,549
Balance as of January 1, 2022	8,946	--	245	1,917	1,573	12,681
Depreciation charge for the period	224	--	1	26	21	272
Balance as of March 31, 2022	9,170	--	246	1,943	1,594	12,953
<u>Net book value</u>						
As of January 1, 2021	36,769	--	7	340	673	37,789
As of March 31, 2021	36,541	--	5	277	398	37,121
As of January 1, 2022	35,797	--	4	95	94	35,990
As of March 31, 2022	35,573	--	143	69	73	35,858

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

13. Investment property

<u>(In thousands of EGP)</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Cost	206,506	--
Accumulated depreciation	(344)	--
Net book value at beginning of the period	206,162	--
Additions	--	206,506
Depreciation during the period	(1,033)	(344)
Net book value at end of the period	205,129	206,162
Cost	206,506	206,506
Accumulated depreciation & amortization	(1,377)	(344)

14. Investments in subsidiaries

<u>(In thousands of EGP)</u>	<u>Country</u>	<u>Ownership percentage %</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Victoire Investment Holding	Netherlands	99.99	325,911	325,911
Orascom Telecom Ventures S.A. E	Egypt	99.99	222,802	222,802
Orascom Prisme Entertainment (*)	Egypt	99	113,850	79,200
O-Capital for Energy	Egypt	99.2	4,376	4,376
Orascom Prisme Pyramids Entertainment	Egypt	70	3,105	3,105
OSL for Entertainment	Egypt	99.99	250	250
O-Capital for services and constructions	Egypt	99.2	125	125
Orascom Telecom Mobile Infrastructure Services	Egypt	99.2	63	63
Paid under increase of investments in subsidiaries			--	34,650
Impairment loss				
O-Capital for Energy			(4,375)	(4,375)
Orascom Telecom Mobile Infrastructure Services			(3,105)	(3,105)
Orascom Prisme Pyramids Entertainment			(63)	(63)
			662,939	662,939

(*) During the three-month period ended March 31, 2022, the Company has increased its investment in Orascom Prisme Entertainment (a subsidiary) through increasing the paid-up capital of the subsidiary company with an amount of EGP 34,650 million, the increase was authorized in the subsidiary company's commercial register on February 21, 2022.

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

15. Investment in associates

(In thousands of EGP)

	Country	Ownership %	March 31, 2022	December 31, 2021
CHEO Technology Joint Venture (Koryolink) ^(*)	North Korea	%75	613,632	613,632
			613,632	613,632

- (*) The Company's investments in North Korea for 75% of the voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended September 30, 2015. Therefore, recognizing it as an investment in associates instead of investment in subsidiaries, by ratification from Company's management that there is significant influence instead of full control. Thus, in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States of America, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks. In addition to, the restrictions implemented on the company that affect the ability of the associate company to transfer profits to the parent (return of funds to its native) and the absence of a free-floating currency exchange market in North Korea, announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

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

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

16. Borrowings

(In thousands of EGP)

	March 31, 2022	December 31, 2021
Borrowings-current	143	280
	143	280

Banks	Balance as of March 31, 2022		Total loan (EGP 000)	Value in issued currency (000)	Currency	Maturity	Interest	Secured/ Unsecured
	Current portion (EGP 000)	Non-current portion (EGP 000)						
Loan from Local Bank	143	--	143	4,710	EGP	Dec. 2021	The interest of certificates + 1.5% at least 11% annually	Secured
Total	143	--	143					

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

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

17. Issued and paid-up capital

As of March 31, 2022, the authorized capital of the Company is amounting to EGP 2,885 billion and the issued capital is amounting to EGP 577,025,968 consisting of 5,245,690,620 shares of EGP 0.11 par value each.

The following table shows the company's largest shareholders as of March 31, 2022:

Shareholders	Ordinary shares with voting rights	Ordinary shares with voting rights percentage
Bank of New York Mellon	2,846,499,353	54.264 %
Others	2,399,191,267	45.736%
Total available ordinary shares	5,245,690,620	%100

18. Provisions

(In thousands of EGP)	January 1, 2021	Formed	Used	December 31, 2021
Provisions for claims*	258,248	15,968	--	274,216
Total provisions	258,248	15,968	--	274,216

(In thousands of EGP)	January 1, 2022	Formed	Used	March 31, 2022
Provisions for claims*	274,216	4,554	--	278,770
Total provisions	274,216	4,554	--	278,770

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

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

19. Impairment of assets

<u>(In thousands of EGP)</u>	<u>December 31, 2021</u>	<u>Formed</u>	<u>No longer required</u>	<u>March 31, 2022</u>
Impairment of assets				
Due from related parties	781,650	4,838	--	786,488
Investments in subsidiaries	7,543	--	--	7,543
Other debit balances	6,085	--	--	6,085
Other financial assets	49,954	6,924	--	56,878
Total impairment of assets	845,232	11,762	--	856,994

20. Earnings / (losses) per share

Earnings / (losses) per share is calculated according to the Egyptian Accounting Standard no. (22) as follows:

20-1 From continuing operations

	<u>The three months ended March 31, 2022</u>	<u>The three months ended March 31, 2021</u>
Net profit / (loss) for the period from continuing operations (in thousands of EGP)	50,615	(42,334)
Weighted average number of shares outstanding during the period (in thousands of shares)	5,245,691	5,245,691
Earnings / (losses) per share for the period from continuing operations (EGP)	(0.0096)	(0.0081)

20-2 From discontinued operations

	<u>The three months ended March 31, 2022</u>	<u>The three months ended March 31, 2021</u>
Net profit / (loss) for the period from discontinued operations (in thousands of EGP)	384,317	(14)
Weighted average number of shares outstanding during the period (in thousands of shares)	5,245,691	5,245,691
Earnings / (losses) per share for the period from discontinued operations (EGP)	0.073	(0.000003)

21. Credit interest

(In thousands of EGP)

	<u>The three months ended March 31, 2022</u>	<u>The three months ended March 31, 2021</u>
Credit interest	125	213
	125	213

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

22. Other expenses

(In thousands of EGP)

	The three months ended March 31, 2022	The three months ended March 31, 2021
IT management expenses	(24)	(429)
Maintenance expenses	(707)	(692)
Car's maintenance expenses	--	(49)
Banking fees	(456)	(98)
Value added tax expenses	(134)	--
Stamp tax expenses	--	(71)
Other	(1,513)	(1,198)
	(2,834)	(2,537)

23. Significant transactions with related parties

Company Name (In thousands of EGP)	Nature of the relationship	Nature of the transactions	Volume of Transactions March 31, 2022	Volume of Transactions March 31, 2021	Balance Debit (credit) March 31, 2022	Balance Debit (credit) December 31, 2021
CHEO Technology JV (KoryoLink)	Associate	Expenses paid on behalf of the related party	2,702	264	281,264	280,994
Trans World Associate (Pvt.) LTD.	Subsidiary	Interest on loans during the period	--	44	--	--
Orascom Telecom Ventures	Subsidiary	Expenses paid on behalf of the related party	141	1,869	(518,577)	(518,717)
Oracap Holding company	Subsidiary	Expenses paid on behalf of the related party	4,555	3,093	446,393	441,838
Orascom Telecom Lebanon	Subsidiary	Expenses paid on behalf of the related party	--	1,564	10,993	10,993
Orascom Financial Holding	Affiliate	Expenses paid on behalf of the related party	1	8,123	4	--
Orascom Pyramids Entertainment	Subsidiary	Expenses paid on behalf of the related party	(312)	114	--	200
Victoire Investment BV	Subsidiary	Expenses paid on behalf of the related party	--	344	--	--
Victoire Investment Holding	Subsidiary	Expenses paid on behalf of the related party	--	342	481	414
OSL	Subsidiary	Expenses paid on behalf of the related party	2,043	--	2,043	207

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

24. Financial instruments and management of associated risks

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

1- Interest rate risks:

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

2- Liquidity risk

Liquidity risk represents that the company's cash in and out flows can't maintain the proper liquidity needed for the monetary balances, but because the company have significant balance of foreign currency which give it the ability to pay all the liabilities including the interest and any other charges.

3- Other risks

Political and economic risks in the emerging countries:

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

Organizational risks in the emerging countries:

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

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

Company's activities in North Korea:

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

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

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

25. Capital Commitment:

There are capital commitments represented in the remaining amounts of the capital of both O-Capital for energy, O-Capital for Services and Construction and Orascom Prisme Pyramids amounting to EGP 13,125 million and EGP 189 thousand and EGP 9,315 million respectively, to complete the percentage from 25% to 100%.

26. Contingent liabilities

(In thousands of EGP)	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Contingent liabilities *	53,538	53,538
	<u>53,538</u>	<u>53,538</u>

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

27. Tax position

There are no material changes in the tax position during the three-month period ended March 31, 2022, other than what was disclosed in note no. (25), in the Company's annual separate financial statements as of and for the year ended December 31, 2021.

28. Assets and liabilities held for sale

a) Assets held for sale

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Assets held for sale	--	60,862
	<u>--</u>	<u>60,862</u>

b) Liabilities associated with assets held for sale

(In thousands of EGP)	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Liabilities associated with assets held for sale	--	46,964
	<u>--</u>	<u>46,964</u>

- On April 27, 2021, the board of directors of the Company approved, in principle, the sale of all the shares owned by the Company in Trans World Associates (Private) Limited "TWA", and on September 12, 2021, the Board of Directors of the Company reviewed the approval issued at the meeting held on April 27, 2021, in relation to sale and the transfer of all the shares owned by the Company in TWA, to Orastar Limited, and it is worth mentioning that the total value of the transaction was USD 96 million, and the share of the Company is 51% from TWA's capital.

- During January 2022, the Company has completed the sale of all the shares of the aforementioned subsidiary, and the ownership of the shares was transferred on January 21, 2022, after the Company has received about USD 32.5 million, in addition to the USD 3 million received by the company in December 2021, as an advance payment, which is considered the initial consideration from the sale.

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

29. Profit / (loss) from discontinued operations

(In thousands of EGP)

	<u>The three months ended March 31, 2022</u>	<u>The three months ended March 31, 2021</u>
Profit from sale of Company's investment in TWA *	384,317	--
Credit interest from TWA	--	45
Net foreign currencies translation differences	--	(59)
Profit / (loss) for the period from discontinued operations	384,317	(14)

(*) The following is the profit from the sale of the Company's investments in TWA. It is worth mentioning that the sale consideration may change in the future due to the fact that the contract stipulates that the final value of the sale will depend on some adjustments to the sale amount, which will be calculated based on the financial statements of TWA on the date of sale transaction which is currently being prepared.

(In thousands of EGP)

	<u>The three months ended March 31, 2022</u>
Consideration received from sale of Company's investment in TWA received in 2022	509,791
Advance payment from the consideration received in 2021	46,964
Total consideration received	556,755
(Less:)	
Cost of investment in TWA	(60,862)
Income tax expenses	(111,576)
Profit from sale of Company's investment in TWA	384,317

Orascom Investment Holding S.A.E.

Notes to the condensed interim separate financial statements for the three months ended March 31, 2022

30. Representation on comparative figures

The following is the representations on the comparative numbers as a result of discontinued operations for the period ended March 31, 2021:

	<u>Condensed interim separate statement of income as issued March 31, 2021,</u>	<u>Change resulting from discontinued operations</u>	<u>Condensed interim separate statement of income, represented after the change resulting from discontinued operations as of March 31, 2021,</u>
Other income	60	--	60
Total revenues	60	--	60
(Less)			
Employees' cost and board of directors' remunerations	(12,495)	--	(12,495)
Professional and technical fees	(6,262)	--	(6,262)
Subscription fees	(5,559)	--	(5,559)
Fixed assets depreciation	(417)	--	(417)
Provisions formed	(1,891)	--	(1,891)
Impairment losses of financial assets	(5,038)	--	(5,038)
Other expenses	(2,537)	--	(2,537)
Operating (losses)	(34,139)	--	(34,139)
Credit interest	258	(45)	213
Finance costs	(2,545)	--	(2,545)
Foreign currencies translation differences	(5,276)	59	(5,217)
Net finance (costs)	(7,563)	14	(7,549)
Net (loss) for the period before tax	(41,702)	14	(41,688)
Income tax	(646)	--	(646)
Net (loss) for the period from continuing operations after tax	(42,348)	14	(42,334)
Discontinued operations			
Net (loss) for the period from discontinued operations after tax	--	(14)	(14)
Net (loss) for the period	(42,348)	--	(42,348)

31. Subsequent events

During May 2022, the board of directors of Victoire Investment Holding company (a subsidiary of the Company) agreed to invest in a fund that operating in the renewable energy sector through OIH Renewables company (formerly OTMT Brazil) with an amount of Euro 20 million, it worth mentioning that the total value of the fund relating to the investment in the renewable energy sector is amounting to Euro 626 million.