



Translation of interim separate
Financial statements originally issued in Arabic

**Orascom Financial Holding
S.A.E.
Interim Separate Financial Statements
For the period from the incorporation date till September 30, 2021
Together with the review report**



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Public Accountants & Consultants

Translation of review report
originally issued in Arabic

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Review Report on Interim Separate Financial Statements

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

Introduction

We have performed a review for the accompanying interim separate statement of financial position of Orascom Financial Holding (S.A.E) as at September 30, 2021, and the related interim separate statements of income, comprehensive income, changes in equity, and cash flows for the period from the date of incorporation on December 10, 2020 till September 30, 2021, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim separate financial statements based on our limited review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited 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 limited 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 interim separate financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the unconsolidated financial position of the Company as at September 30, 2021, and of its unconsolidated financial performance and its unconsolidated cash flows for the period from the date of incorporation on December 10, 2020 till September 30, 2021, in accordance with Egyptian Accounting Standard.

Explanatory Paragraph

As explained in detail in note no. 1-C, the Company was established as a result of the demerger from Orascom Investment Holding S.A.E, where the balances of December 31, 2019, were taken as a basis for the demerger after making the proposed amendments made by the General Authority for Investment to those book values.

KPMG Hazem Hassan

Public Accountants and Consultants

Cairo, November 28, 2021

KPMG Hazem Hassan
Public Accountants and Consultants

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Orascom Financial Holding S.A.E.
Interim Separate Statement of Financial Position as at

(In thousands of EGP)

	Note no.	September 30, 2021
<u>Non-current assets</u>		
Investments in subsidiaries	(13)	682,244
Investments in associates	(14)	1,604,423
Total non-current assets		2,286,667
<u>Current assets</u>		
Due from related parties	(8)	71,738
Debtors and other debit balances	(9)	53
Cash and cash equivalents	(10)	264,655
Total current assets		336,446
Total assets		2,623,113
<u>Equity</u>		
Issued and paid-up capital	(15)	1,626,165
Legal reserve		419,522
Reserve resulted from the demerger	(16)	129,087
Retained earnings		392,045
Net profit for the period		49,497
Total equity		2,616,316
<u>Current liabilities</u>		
Other credit balances	(11)	2,422
Due to related parties	(12)	4,375
Total current liabilities		6,797
Total equity and current and non-current liabilities		2,623,113

- The accompanying notes from (1) to (22) are an integral part of these interim separate financial statements and to be read therewith.

Chief financial officer



Managing member of the board



Review report "Attached"

Orascom Financial Holding S.A.E.

Interim Separate Statement of Income for the period from date of incorporation till September 30, 2021

<i>(In thousands of EGP)</i>	Note no.	Financial period from the incorporation date till September 30, 2021	Three months ended September 30, 2021
Dividends income	(4)	37,537	--
Gains / (losses) from sale of investments in subsidiaries	(5)	16,639	(5,641)
Total revenues / (losses)		54,176	(5,641)
Employee's costs and board of director's salaries and remunerations	(6)	(11,068)	(5,937)
Incorporation expenses and subscriptions		(7,920)	(37)
Reverse of impairment in investments in subsidiaries		11,775	2,222
Other expenses		(1,063)	(751)
Gross profit / (loss)		45,900	(10,144)
Interest income		5,876	4,469
Net foreign currencies translation differences		(365)	(2)
Net financing income		5,511	4,467
Net profit / (loss) for the period before tax		51,411	(5,677)
Income tax	(7)	(1,914)	-
Net profit / (loss) for the period		49,497	(5,677)
Earnings / (losses) per share (EGP/share)			
-Basic	(17)	0.01	(0,001)
-Diluted	(17)	0.01	(0,001)

- The accompanying notes from (1) to (22) are an integral part of these interim separate financial statements and to be read therewith.

Chief financial officer



Managing member of the board



Orascom Financial Holding Company S.A.E.
Interim Separate Statement of Comprehensive Income for the period from date of incorporation till
September 30, 2021

(In thousands of EGP)

	Financial period from the incorporation date till September 30, 2021	Three months ended September 30, 2021
Net profit / (loss) for the period	49,497	(5,677)
Other comprehensive income items	--	--
Total other comprehensive income	--	--
Total comprehensive income / (loss) for the period	49,497	(5,677)

- The accompanying notes from (1) to (22) are an integral part of these interim separate financial statements and to be read therewith.

Chief financial officer



Managing member of the board



Orascom Financial Holding Company S.A.E.

Interim Separate Statement of Changes in Equity for the period from date of incorporation till September 30, 2021

(In thousands of EGP)

	Note no.	Issued and paid up capital	Legal reserve	Reserve resulted from the demerger	(Accumulated losses) / Retained earnings	Comprehensive income for the period	Total
Balance as of December 31, 2019, According to the report of the General Authority for Investment	(1-c)	1,626,165	419,522	--	(35,862)	--	2,009,825
Adjustments on the report of the General Authority for Investment	(1-c)	--	--	--	390,698	--	390,698
Adjusted balance as of December 31, 2019		1,626,165	419,522	--	354,836	--	2,400,523
Adjustments resulted from the demerger *	(16)	--	--	129,087	37,209	--	166,296
Adjusted opening balance		1,626,165	419,522	129,087	392,045	--	2,566,819
Total comprehensive income for the period		--	--	--	--	49,497	49,497
Balance as of September 30, 2021		1,626,165	419,522	129,087	392,045	49,497	2,616,316

* Adjustments on the reserve resulted from the demerger and retained earnings represent in the transactions incurred after the demerger (see note no. 16 for more details)

- The accompanying notes from (1) to (22) are an integral part of these interim separate financial statements and to be read therewith.

Chief financial officer

Managing member of the board

Orascom Financial Holding Company S.A.E.

Interim Separate Statement of Cash Flows for the period from the date of incorporation till September 30, 2021

(In thousands of EGP)

	Note no.	Financial period from the incorporation date till September 30, 2021
Net income for the period before tax		51,411
<u>Adjusted for:</u>		
Dividends income	(4)	(37,537)
(Gains) from sale of investments in subsidiaries	(5)	(16,639)
Reverse of impairment in investments in subsidiaries		(11,775)
Interest income		(5,876)
Net foreign currencies translation differences		365
Operating (losses) before changes in working capital		(20,051)
Decrease in due from related parties		42,722
(Increase) in other debit balance		(53)
Increase in other credit balance		2,422
Increase in due to related parties		4,375
Cash flows generated by operating activities		29,415
Interest received		5,876
Dividends received		35,623
Net cash flows generated by operating activities		70,914
<u>Cash flows from investing activities</u>		
(Payments) for purchase of investments in subsidiaries		(21,225)
Net cash flows (used in) investing activities		(21,225)
<u>Cash flows from financing activities</u>		
Proceeds from sale of investments in subsidiaries, net after deduct selling expenses	(5)	214,911
Net cash flows generated by financing activities		214,911
Net change in cash and cash equivalents during the period		264,600
Effect of exchange rate fluctuation on cash and cash equivalent in foreign currencies		55
Cash and cash equivalents at beginning of the period		--
Cash and cash equivalents at end of the period	(10)	264,655

- The accompanying notes from (1) to (22) are an integral part of these interim separate financial statements and to be read therewith.

Chief financial officer



Managing member of the board



Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

1- Background

a- Legal form and operation

Orascom Financial Holding S.A.E. Which will be mentioned later as the demerged company or "the Company" 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 No 430755 on December 10, 2020. The Company's head office is located at Nile City Towers, Ramlet Boulak – Cairo, Egypt. The Company's duration is 25 years starting from December 10, 2020.

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 in relation to the Capital Market Law. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities like those of the Company or those that may assist the Company to achieve its objectives in Egypt or abroad. It may also merge into those companies and enterprises or acquire them pursuant to the provisions of the law and its executive regulations.

c- Brief over the incorporation of the Company

The Company was established through the demerger from Orascom Investment Holding S.A.E.

Based on the decision of the Board of Directors of Orascom Investment Holding held on July 9, 2020, it was approved to submit a detailed demerger project to be presented to the extraordinary general assembly of Orascom Investment Holding, as the project includes demerger of Orascom Investment Holding, into two companies, company with the same name of Orascom Investment Holding, which includes investments in companies operating in different fields, and a demerged company to be established called "Orascom Financial Holding" and includes investments in companies operating in non-banking financial services activities, namely Beltone Financial Holding (a subsidiary company) and Contact Financial Holding (Previously Sarwa Capital Holding Company) (an associate company), and the affiliation of Beltone Financial Holding Company and Sarwa Capital Holding Company for Financial Investments, as well as the current account due to Orascom Investment Holding Company, is transferred from Victoire Investment Company to the demerged company.

On October 19, 2020, the Extraordinary General Assembly of Orascom Investment Holding, approved the demerger plan of Orascom Investment Holding S.A.E. according to the horizontal demerger method using the book value of the share and to use the separate financial statements for the financial year ended December 31, 2019, as a basis for the demerger where Orascom Investment Holding S.A.E.(the demerging Company) will still exist and its issued capital shall be reduced by reducing the par value of its shares and will also specialize in performing various investment activities while maintaining 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.". Furthermore, 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, and its purpose is to "participate in the establishment of companies that issue securities or increase their capital and that operate in the fields of non-banking financial activities." The companies resulting from the demerger shall be owned by the same shareholders of Orascom Investment Holding at the date of the execution of the demerger having the same ownership percentages for each shareholder before the execution of the demerger.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

The extraordinary general assembly meeting also approved the report issued by the Economic Performance Authority of the General Authority for Investment and Free Zones issued on September 2, 2020, with the net equity of the demerged company based on the financial statements as of December 31, 2019, and which concluded that the book value of the net equity of the demerged company is EGP 2,009,824,600, where it was agreed that the authorized capital of the demerged company will be EGP 8,130,820,461, and the issued capital amounted to EGP 1,626,164,092.2, distributed over 5,245,690,620 shares with a nominal value of EGP 0.31 per share, accordingly the distribution of net equity is as follows:

Amounts in thousands EGP:

Issued and paid up capital	1,626,165
Legal reserve	419,522
Carry forward losses	(35,862)
The net attributable equity for company	<u>2,009,825</u>

Adjustments have been made to the report of the Economic Performance Authority, which created an impairment in the value of the investment in the Contact Financial Holding Company by an amount of EGP 390,698 thousand, as the report relied only on the market value of the share on the stock exchange as of December 31, 2020, and the value in use was not taken into consideration for the investment value as of December 31, 2019, which is greater than the book value, and therefore the impairment was reversed and was proven within the equity of the demerged company, where the retained earnings were increased by EGP 390,698 thousand.

Orascom Financial Holding S.A.E. was established. (the demerged Company) pursuant to the decision of the Chairman of the Financial Regulatory Authority no. 1453 of 2020, on November 30, 2020, pursuant to the decision of the Committee for Examination of Applications for the Establishment and Licensing of Companies Formed in the Authority in its session No. 440 on November 26, 2020, where the approval of the Financial Regulatory Authority was issued with No. 13821 issued on December 1, 2020, on the issuance of shares of Orascom Financial Holding (the demerged company) with a capital of EGP 1,626,164,092.2, according to the evaluation of the committee formed at the General Investment Authority, and on December 10, 2020, the company was registered in the commercial registry with No. 430755 Cairo Registry, and its articles of association were published in the number of newspapers Companies The company has an authorized capital of EGP 8,130,820,461.

d- The financial period of the interim separate financial statements

Since the date of incorporation of the Company is the same as the date of registration in the commercial registry, which is December 10, 2020, therefore these financial statements cover the financial period from December 10, 2020, till September 30, 2021, and it was considered that the date of the demerger in the books is December 31, 2020, hence, any transactions related to the statement of income for the period from December 10, 2020, till December 31, 2020, are recorded in the equity of the demerging company.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

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

a- Statement of compliance with the Egyptian Accounting Standards

- The interim separate financial statements have been prepared in accordance with the Egyptian Accounting Standards. And the applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRSs" 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 interim separate financial statements of the Company for the period from the date of incorporation till September 30, 2021, were approved by the board of directors on November 28, 2021.

b- Basis of measurement

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

- Financial derivatives.
- Financial instruments at fair value through profit and 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 invested companies. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

c- Presentation currency

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to the nearest thousand except for earnings per share, unless otherwise indicated in the independent periodic financial statements or in the notes

d- Use of estimates and judgments

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

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

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

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

- Impairment of assets.
- Deferred tax assets.
- The useful lives of fixed assets.
- Provision for expected claims and contingent liabilities.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

3- Significant accounting policies applied

A. Foreign currencies translation

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

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

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

B. Property and equipment

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

Properties in the course of construction for administrative purposes or for a currently undetermined future use are carried at cost less any recognized impairment loss. Cost includes professional fees, labor cost and "for qualifying assets" borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation of buildings and equipment as well as furniture and fixtures commence when the assets are ready for their intended use. There is no depreciation for lands owned by the company, if existed.

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

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

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

The residual value, useful lives and depreciation method of assets are reviewed at the date of the financial statements, considering that the impact of any changes in those estimates is accounted for on a prospective basis.

The carrying value of an item of fixed assets is removed from the books when it is disposed of or when no future economic benefits are expected from its use. Gains or losses arising from excluding an item of fixed assets from the books are included in the statement of profit or loss, determined based on the difference between the net disposal return and the book value of the item.

C. Investments in subsidiaries

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

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

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

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

D. Investments in associates

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

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

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

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

E. Impairment of non-financial assets

On an annual basis, or whenever necessary, the company reviews the carrying amount of its tangible and non-financial assets (such as investments in subsidiaries and associate companies) to determine whether there are indicators for a possible impairment in their value. Estimating the recoverable amount of each asset separately in order to determine the impairment losses. If the recoverable value of the asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of the asset or the cash-generating unit is the fair value less selling costs, or the value in use, whichever is greater. Estimated future cash flows from using the asset or cash-generating unit are discounted using a pre-tax discount rate to obtain the present value of those flows, which expresses the value in use. This rate reflects current market assessments of the time value of money and the risks associated with that asset, which have not been considered when estimating the future cash flows generated by it. The impairment arises if the estimated recoverable value of an asset (or a cash-generating unit) is less than its book value, and then the book value of that asset (or a cash-generating unit) is reduced to reflect its recoverable value, and impairment losses are recognized immediately in the separate income statement. When the recoverable amount of the asset rises in a later period and this is an indication of a decrease in the impairment loss recognized in previous periods, then the book value of the asset (or the cash-generating unit) is increased in line with the new estimated recoverable value, provided that the revised book value does not increase After the increase over the original book value that the asset would have reached if the loss resulting from impairment in the value of that asset had not been recognized in previous years. The reverse adjustment of impairment losses is immediately recognized in the independent income statement.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

F. Taxation

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

- Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the Balance Sheet Liability Method.

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

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

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

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

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

- Current and deferred tax for the year

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

G. Provisions

- Provisions are recognized when the Company has a present obligation (legal or constructive), arising from past event, the settlement of which is expected to result in an outflow of the enterprise resources embodying economic benefits, the cost to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

- The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the separate balance sheet date, considering the risks and uncertainties surrounding the obligation.

- Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost in separate income statement.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

H. Cash and cash equivalents

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

I. Revenue measurement and recognition

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

J. Financial instruments

Financial assets

Starting from January 1, 2021, the company has implemented the new Egyptian Accounting Standard no. 47 "Financial Instruments".

a- Classifications.

The company classifies its financial assets into the following measurement categories:

- Those to be subsequently measured at fair value (either through other comprehensive income or through profit or loss), and
- Those to be measured at amortized cost.

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

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

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

b- Recognition and derecognition

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

c- Measurement

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

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

Debt instruments

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

• **Amortized cost:**

Assets held to maturity to collect contractual cash flows, where those cash flows represent only principal and interest payments, are measured at amortized cost. Interest income from these financial assets is included in financing income using the effective interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate line item in the statement of profit or loss.

• **Fair value through other comprehensive income:**

Assets held for the purpose of collecting contractual cash flows and for the purpose of selling financial assets, where the cash flows of assets represent only principal and interest payments, are measured at FVTO. Changes in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expense). Interest income from these financial assets is included in financing income using the effective interest rate method, and impairment expense is presented as a separate line item in the statement of profit or loss.

• **Fair value through profit or loss:**

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented net under other income / (expenses) in the period in which they arise.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

Equity instruments

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

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

d- Impairment:

At the date of the financial statements, the Company assesses whether there is credit impairment, financial assets measured at amortized cost and securities carried at fair value through other comprehensive income. Credit impairment of a financial asset occurs when there are one or more adverse events to the expected cash flows of the financial asset.

Evidence of credit impairment includes the following observable data:

- Breach of contract by defaulting on loan repayment or delaying payment for more than 90 days from the due date.
- Rescheduling the loan or the advance payment from the company on terms that are not in the company's interest.

It is probable that the borrower will go into bankruptcy or other financial scheduling, or the active market for the asset may disappear due to financial difficulties.

Provisions for financial assets at amortized cost are deducted from the total value of the asset.

e- Financial derivatives

When needed, the company enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Derivatives are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the hedge relationship type and the nature of hedged item.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

Financial liabilities and equity instruments issued by the company

Classification of the instrument as a liability or as an equity.

Financial instruments are classified as liabilities or as equity according to the substance of the company's contracts at the date of issuance of those instruments.

Equity instrument

Equity instruments represent any contract that gives the company the right to the net assets of an entity after deducting all its obligations. Equity instruments issued by the company are recorded at the value of the amounts collected or the net value of the assets transferred, less the costs of issuance directly related to the transaction.

Financial liabilities

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

Other financial liabilities

Other financial liabilities include balances of loans, suppliers, balances due to related parties and other credit balances. The initial financial liabilities 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 of calculating the amortized cost of financial obligations and charging interest expense over the relevant periods.

Derecognition of financial instruments from books.

A financial asset is disposed of when the company transfers substantially all the risks and benefits of ownership of the asset to a third party outside the company. on the financial asset. If the company continues to control the transferred financial asset, then it recognizes it's interest in the asset and a corresponding liability representing amounts it may have to pay.

But if the transaction resulted in the company retaining substantially all the risks and benefits of ownership of the transferred financial asset, then the company continues to recognize the financial asset, provided that it also recognizes the amounts received as a borrowing against that asset.

Financial liabilities are derecognized when they are either discharged, canceled or expired.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

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 period. Less.

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.

K. Short term employees' benefits

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

L. Dividends

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

M. Borrowings and borrowing costs

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

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

N. Earnings per share

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

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

O. Estimation of fair value

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

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

P. 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.

Q. Employees' profit share

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

R. Cash flows statement

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

S. New accounting standard applied by the company from January 1, 2021

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued by law 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. 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 coronavirus disease (Covid-19), the Financial Supervisory 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 standards to the financial periods beginning on or after January 1, 2021.

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

The Egyptian accounting standard 47 "Financial instruments"

Egyptian Accounting Standard No. (47) "Financial Instruments" replaces the corresponding topics in Egyptian Accounting Standard No. (26) "Financial Instruments Recognition and Measurement". Egyptian Accounting Standard No. 47 affects the group's classification and measurement of financial instruments, impairment of financial assets, as explained in more detail below.

Classification and Measurement

The new standard requires the company to evaluate the classification of financial assets in its financial statements according to the cash flow characteristics of the financial assets and the company's relevant business model for a particular class of financial assets.

More specifically, the company's financial assets, currently classified as "held to maturity" and "loans and receivables," are measured at amortized cost which meets all the requirements for classification as amortized cost in accordance with Egyptian Accounting Standard No. 47. Any impact on the classification and measurement of financial assets previously classified as held to maturity and loans and receivables. There is also no impact on the company's accounts with respect to financial debt, as the new requirements relate only to the accounting treatment of financial debt at fair value through profit or loss and the company does not have such financial liabilities.

Impairment (provision for doubtful debts)

The new impairment model requires the recognition of 12-month or lifetime expected credit losses, rather than the realized loss model, as required by EAS 26. The expected credit loss model applies to financial assets classified as amortized cost, debt instruments measured at fair value through other comprehensive income, assets relating to contracts with customers as defined in Egyptian Accounting Standard No. 48, rental receivables, loan commitments and certain contracts Financial guarantees. Based on the analysis carried out by the management, the management concluded that there is no impact of applying the expected credit losses model on the company's financial assets on January 1, 2021.

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.

IAS 48 states that revenue recognition depends on the following five steps:

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

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

Revenue Recognition

The management has evaluated the impact of applying the new standard on the company's financial statements, by applying the five-step model, and concluded that the current basis for revenue recognition is still appropriate, as the company's revenues are mainly included in the declared dividends from subsidiaries and associate companies, which are recognized when Issuance of the company's right to receive distributions, which is the approval of the General Assembly of the subsidiary or associate company for these distributions. Therefore, management considers that the initial application of Egyptian Accounting Standard No. 48 has no significant change or impact on the company's accounting policies applied to the separate financial statements.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

Egyptian Accounting Standard No. 49 "Lease Contracts"

Egyptian Accounting Standard No. 49 replaced 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 right of use 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 by 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 right of use assets or the lease term, whichever is lower.

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 as incurred.

transitional rules

The company's accounting policy regarding the application of Egyptian Accounting Standard No. 49 is the application using the modified retrospective method, and since the company was newly established on December 10, 2020, until the date of the independent periodic financial statements, the company did not enter into any lease contracts from third parties, and therefore there is no effect On the company's independent periodic financial statements as a result of applying Egyptian Accounting Standard No. 49.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

4. Dividends revenue

(In thousands of EGP)

Contact Financial Holding Company (formerly Sarwa Capital Financial Holding)

<u>The period from the date of incorporation till September 30, 2021</u>	<u>The three months ended September 30, 2021</u>
37,537	--
37,537	--

- In accordance with the demerger plan referred to in note 1-C, the dividends approved by the ordinary general assemblies of the subsidiaries and associate companies starting from January 1, 2021. Hence the dividends due to the Company starting from the demerger on December 31, 2019 till December 31, 2020, were recorded as a balance due from Orascom Investment Holding and were settled in Company's equity in the demerger account resulting from the demerger, with a total amount of EGP 34,686 thousand.

- On March 30, 2021, the Ordinary General Assembly of Contact Holding Company (formerly Sarwa Capital Holding Company) approved dividend distributions to shareholders for the fiscal year ended December 31, 2020, with a total value of EGP 126 million, at EGP 0.107 per share. The Company's share of the announced dividends is about EGP 37.5 million.

5. Gains from sale of investments in subsidiaries

During the period from the incorporation date till September 30, 2021, the Company sold 73,108,375 shares of the Company's owned shares in Beltone Financial Holding company, and the Company collected the full amount of EGP 216,271,983 .

And the following is a statement of the gains from sale of investments in subsidiaries:

(In thousands of EGP)

Value of selling the Company's investments in Beltone Financial Holding

(less)

Brokerage and commission fees related to the sale

Cost of investment in Beltone Financial Holding

Gains / (losses) from sale of investments in Beltone

Financial Holding

<u>The period from the date of incorporation till September 30, 2021</u>	<u>The three months ended September 30, 2021</u>
216,272	31,987
(1,361)	(202)
(198,272)	(37,426)
16,639	(5,641)

6. Employee's costs and board of directors' salaries and remunerations

(In thousands of EGP)

Employee cost and board of directors' salaries and remunerations

<u>The period from the date of incorporation till September 30, 2021</u>	<u>The three months ended September 30, 2021</u>
(11,068)	(5,937)
(11,068)	(5,937)

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

7. Income tax

(In thousands of EGP)

Tax on dividends *

<u>The period from the date of incorporation till September 30, 2021</u>	<u>The three months ended September 30, 2021</u>
1,914	--
1,914	--

* The amount represents the taxes on dividends deducted from dividends received from Contact Financial Holding Company (formerly Tharwa Capital Financial Holding Company) (an associate company).

8. Due from related parties

(In thousands of EGP)

DOT company for Electronics Development and Electronic Payments
Victoire investment Holding *

<u>September 30, 2021</u>
2
71,736
71,738

* The amount represents the balances due from Vectoire Investment Holding Company, based on the demerger contract detailed in note no.1-C, whose ownership was transferred to the demerged company.

9. Debtors and other debit balances

(In thousands of EGP)

Advances to suppliers

<u>September 30, 2021</u>
53
53

10. Cash and cash equivalents

(In thousands of EGP)

Cash at banks- in local currency
Cash at Banks- in foreign currencies
Deposits at banks- in local currency
Investment funds in EGP *
Cash on hand

<u>September 30, 2021</u>
46,001
449
131,200
86,965
40
264,655

* The Company invests in a "Youmy" Fund (daily fund) at the Société Arabe Internationale de Banque "SAIB", and the fund invests in a variety of short-term fixed-interests debt instruments such as short-term bank deposits and treasury bills. The number of instruments acquired by the Company in the mutual fund has reached 3,968,120 instruments as of September 30, 2021, and the fair value of the single instrument as of September 30, 2021, amounts to EGP 21.916.

11. Other credit balances

(In thousands of EGP)

Salaries tax
Withholding tax
Accrued expenses
Other

<u>September 30, 2021</u>
278
2
2,112
30
2,422

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

12. Due to related parties

(In thousands of EGP)

Orascom investment Holding S.A.E.

September 30, 2021
4,375
4,375

13. Investments in subsidiaries

(In thousands of EGP)

Beltone Financial Holding company *

Country

Egypt

Contribution %

58.15

September 30, 2021

702,756

Dot Company for Electronics Development and
Electronic Payments **

Egypt

79.90

21,225

723,981

(41,737)

682,244

Impairment of investments in subsidiaries

* The amount represents the value of the Company's investments in Beltone Financial Holding company, whose ownership was transferred from the demerging company to the demerged company, based on the demerger contract detailed in note no. (1-C), during the third quarter of 2021, the Company sold number of 73,108,375 shares of Beltone Financial Holding company, at an average selling price of EGP 2.96 per share, accordingly the ownership percentage has become 58.15%, with a net number of shares of 259,121,683.

** During the period from the date of incorporation till September 30, 2021, the Company established Dot Company for the Development of Electronics and Electronic Payments - a subsidiary company - with a contribution percentage of 79.90% with an amount of EGP 21,225 thousand, which was paid in cash to the subsidiary company.

14. Investments in associates

(In thousands of EGP)

Contact financial Holding company *

Country

Egypt

Contribution %

29.79%

September 30, 2021

1,604,423

1,604,423

* The amount represents the value of the Company's investments in the Contact Financial Holding Company (formerly Sarwa Capital Financial Holding Company), whose ownership has been transferred from the demerging company to the demerged company, based on the demerger contract mentioned in detail in note no. (1-C).

15. Issued and paid-up capital

The authorized capital was set at EGP 8,130,820,461, and the issued and paid-up capital amounted to EGP 1,626,164,092.20, distributed over 5,245,690,620 shares with a nominal value of 31 piasters/ share, in accordance with the decision of the General Investment Authority, and the approval of the extraordinary general assembly of Orascom Investment Holding (the demerging company). As detailed in note no. 1-c.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

The following table lists the largest shareholders of the Company, in addition to the remaining other shares as of September 30, 2021:

Shareholders	Ordinary shares	The percentage of ordinary shares that have voting right
Orascom Acquisition SARL	2,709,989,320	51.7%
Orascom TMT Investment SARL	33,485,965	0.6%
Other	2,502,215,335	47.7%
Total available common shares	5,245,690,620	100%

16. Adjustments resulted from the demerger

In accordance with the demerger plan agreement referred to in note 1-C, the separate financial statements as of December 31, 2019, of the demerging company have been taken as the basis for the demerger, and the transactions that took place during the financial year ending on December 31, 2020, on the balances transferred to the demerged company are recorded in the item adjustments resulted from the demerger in the statement of equity of the demerged company, therefore, the beginning balance of the demerged company has been adjusted with these adjustments, and the following are these adjustments.

Amounts in thousands of EGP

Amounts recognized in equity in demerged company under adjustments resulted from the demerge

Reversal of impairment loss of investment in subsidiaries (Beltone Financial Holding company) during the year 2020	129,087
Total	129,087
Amount recognized in the equity in the retained earnings section	
Dividends from Sarwa Capital Financial Holding company during the year 2020	34,686
Credit interest on loans to Beltone Financial Holding Company during the year 2020	2,138
Credit interests on the current account of Victoire Holding company for Investment during the year 2020	385
Total	37,209
Total adjustments resulted from the demerger	166,296

17. Earnings / (losses) per share

Earnings / (losses) per share was calculated according to Egyptian accounting standard No. (22), as follows:

	The period from the date of incorporation till September 30, 2021	The three months ended September 30, 2021
Net profit / (loss) for the period (in thousands of EGP)	49,497	(5,677)
Weighted average number of shares outstanding during the period (in thousands)	5,245,691	5,245,691
Basic and diluted earnings / (loss) per share for the period (in EGP)	0.01	(0,001)

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

Diluted: The diluted earnings / (losses) per share is calculated by adjusting the weighted average number of outstanding ordinary shares assuming that all convertible financial instruments are converted to shares and stock option. The net profit / (loss) is adjusted by excluding the cost of convertible debt instruments, considering the tax impact of that. For a stock option, to the average number of ordinary shares, the average number of potential shares issued under options shall be added, and from this shall be added the average number of potential shares, weighted by the relationship between the option execution price and the average fair value of the share during the period. Since there are no debt instruments that are convertible into shares, the diluted earnings / (losses) per share does not differ from the basic earnings / (losses) per share.

18. Significant related parties' volume of transaction

(In thousands of EGP)			<u>Volume of transactions for the period from the date of incorporation till September 30, 2021</u>	<u>Debit (credit) balance as of September 30, 2021</u>
<u>Company name</u>	<u>Nature of the relationship</u>	<u>Nature of transaction</u>		
Belton Financial Holding company	A subsidiary	Re-payment of current account due from the subsidiary company	18,844	
		Financial services carried out through a related party	1,361	-
Dot company for electronics development and electronic payments	A subsidiary	Expenses paid on behalf of the subsidiary company	1,558	2
Orascom Investment Holding S.A.E.	An affiliate	Expenses paid on behalf of the company	8,122	(4,375)

Key management salaries and remunerations

(In thousands of EGP)

Key management salaries and remunerations

<u>The period from the date of incorporation till September 30, 2021</u>	<u>The three months ended September 30, 2021</u>
6,576	2,616
6,576	2,616

19. Financial instruments and management of related risks

The Company's financial instruments are financial assets and liabilities, financial assets include cash balances with banks and due from related parties as well as other credit balances. The financial liabilities also include balances due to related parties, suppliers and some other credit balances.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

Capital Risk Management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency exchange rates risk, cash flows and interest rate risk), credit risk and liquidity risk, especially that the company is exposed to risks from movements in exchange rates, interest rates and market prices. The financial risk management generally consider inability to anticipate the financial market and decreasing the probability of negative effect on the financial performance.

a. Market Risk

Foreign currency risk

The company may be exposed to foreign exchange risks that arise when its commercial transactions are in currencies different from the main currency of the company's entry and presentation (the Egyptian pound) by paying those transactions in currencies such as the US dollar and the euro

(In thousands of EGP)

September 30, 2021

US Dollar (*)	67,141
Euro (**)	5,045

(*) The balances of the US dollar in Egyptian pounds as at September 30, 2021 consist of

Cash	449
Current accounts due from related parties	66,692

(**) The balances of the Euro in Egyptian pounds as at September 31, 2021 consist of

Current accounts due from related parties	5,045
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An increase or decrease of 10% of the foreign exchange rate against the Egyptian pound on September 30, 2021, may lead to an increase (decrease) in profits by an amount of EGP 7.2 million, considering the stability of all other variables, especially interest rates.

Cash flow risk and interest rate risk

The interest rate risk on the company arises through loans granted by banks at variable interest rates, and the company may be exposed to the risks of change in interest rates, which may affect the company's ability to repay those obligations. As of September 30, 2021, the Company does not have any loans from external parties. Therefore, this risk is excluded.

b. Liquidity risk

Liquidity risk, in general, is the inability of the Company's cash inflows and outflows to maintain sufficient liquidity for cash balances, and given that the Company has a large cash balance in foreign currencies, it has the ability to pay all obligations, including interest and any other fees. The following table shows an analysis of financial obligations Expected to be repaid according to their due dates as of September 30, 2021:

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

<u>(In thousands of EGP)</u>	<u>Book Value</u>	<u>Expected cash flows</u>	<u>Year or less than a year</u>	<u>From 1 to 5 years</u>
Other credit balances	2,422	2,422	2,422	--
Due to related parties	4,375	4,375	4,375	--
Balance at September 30, 2021	6,797	6,797	6,797	--

c. Credit Risk

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

Financial instruments categories

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

A- Financial assets as presented in the interim separate statement of financial position as of:

<u>(In thousands of EGP)</u>	<u>September 30, 2021</u>
Cash and cash equivalents	264,655
<u>Financial assets at amortized cost</u>	
Due from related parties	71,738
Debtors and other debit balances	53
Total financial assets	336,446

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

<u>(In thousands of EGP)</u>	<u>September 30, 2021</u> <u>Amortized cost</u>
Due to related parties	4,375
Other credit balances	2,422
Total financial liabilities	6,797

Management considers the carrying amount of each of the financial assets and financial liabilities recorded in the separate interim financial statements is an approximate value to their fair value.

Orascom Financial Holding "S.A.E"

Notes to interim separate financial statements for the period from the date of incorporation till September 30, 2021

20. Tax status

Corporate tax

The Company is subject to the provisions of the Tax Law no. 91 of 2005, its amendments and its executive regulations.

The Company will submit the first tax return which will cover the period from the date of incorporation on December 10, 2020 till December 31, 2021.

Payroll Tax

The Company pays the payroll tax, on the legal time frame.

Withholding Tax

The Company is subject to the provisions of Law 91 of 2005, and its amendments and its executive regulations and amendments regarding withholding tax retaining and collection under the tax account, and the Company pays the withholding tax on the legal time frame.

21. Capital Commitment

There are capital commitments represented in the value of the remaining amounts to complete the capital of the Dot Company for Electronics and Development Payments, amounting to EGP 63,675 thousand, from 25% to 100%.

22. Comparative figures

As mentioned in detail in note no.1, the Company was legally incorporated on December 10, 2020, accordingly, no comparative figures were presented in the interim separate financial statements, as the current financial period is the first period for the Company.
