**B Investments Holding**

**"S.A.E."**

**Separate Financial Statements**

**For the Year Ended December 31, 2021**

**Together with Auditor's Report**

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*Translation of Independent Auditor's Report Originally Issued in Arabic*

# INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders of B Investments Holding "S.A.E."**

## Report on the Separate Financial Statements

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

## Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of the Company's management, Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian Laws. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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

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

Deloitte.

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**Opinion**

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of B Investments Holding "S.A.E." as of December 31, 2021, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

**Report on the Legal and Other Organizational Requirements**

The Company maintains proper books of accounts, which include all that is required by the law and the statutes of the Company and the financial statements agree thereto.

The financial information referred to in the Board of Directors Report is prepared in compliance with Law No. 159 for 1981 and its executive regulation thereto and is in agreement with the Company's books of accounts.

Cairo, March 30, 2022

Samy Habib

Samy Habib Deif, ACCA
F.E.S.A.A. (R.A.A. 13485)
F.R.A. Register "373"

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

*Translation of financial statements*
*Originally issued in Arabic*

## B Investments Holding S.A.E.
## Separate Statement of Financial Position as of December 31, 2021

| | Note | December 31, 2021 EGP | December 31, 2020 EGP |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | (6) | 130 998 147 | - |
| Investments in joint ventures (net) | (7) | 342 802 405 | 310 195 605 |
| Investments in associates (net) | (8) | 153 856 436 | 153 856 436 |
| Investments at fair value through OCI | (9) | 381 572 723 | 369 915 468 |
| Investment properties (net) | (10) | 91 721 954 | 93 296 112 |
| Loans to associates | (11) | 111 445 145 | 112 258 055 |
| Loans to joint ventures | (12) | - | 11 234 610 |
| Notes receivable (net) | (13) | 7 431 543 | 9 891 217 |
| **Total non-current assets** | | 1 219 828 353 | 1 060 647 503 |
| **Current assets** | | | |
| Loans to joint ventures | (12) | 24 707 408 | 11 234 610 |
| Notes receivable (net) | (13) | 2 447 060 | 3 740 374 |
| Treasury bills (net) | (14) | 318 082 381 | 460 757 645 |
| Due from related parties (net) | (15) | 120 930 | 2 003 173 |
| Other debit balances (net) | (16) | 7 690 918 | 11 788 733 |
| Cash at banks | (17) | 61 799 285 | 179 256 649 |
| **Total current assets** | | 414 847 982 | 668 781 184 |
| **Total assets** | | 1 634 676 335 | 1 729 428 687 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Issued and paid-up capital | (21) | 800 122 080 | 800 122 080 |
| Treasury stocks | (22) | - | (5 471 154) |
| Reserves | (23) | 269 434 027 | 258 300 840 |
| Revaluation reserve of investments at fair value through OCI | | 197 138 855 | 189 220 998 |
| Retained earnings | | 145 008 052 | 132 865 199 |
| Net profit for the year | | 123 430 307 | 222 663 744 |
| **Total equity** | | 1 535 133 321 | 1 597 701 707 |
| **Non-Current liabilities** | | | |
| Deferred tax liabilities | (24) | 69 489 898 | 65 385 105 |
| **Total non-current liabilities** | | 69 489 898 | 65 385 105 |
| **Current liabilities** | | | |
| Due to related parties | (18) | 4 691 395 | 21 667 649 |
| Accounts payable and other credit balances | (19) | 4 935 606 | 4 192 247 |
| Current income tax | | 16 385 464 | 38 441 328 |
| Provisions | (20) | 4 040 651 | 2 040 651 |
| **Total current liabilities** | | 30 053 116 | 66 341 875 |
| **Total equity and liabilities** | | 1 634 676 335 | 1 729 428 687 |

- The attached notes form an integral part of the separate financial statements, and to be read therewith.

| Chief Financial Officer | Chief Executive Officer | Chairman |
|---|---|---|
| Ahmed Abdel Monem Madbouly | Dr. Mohamed Abdel Monem Omran | Mohamed Hazem Adel Barakat |

- Auditor's report attached.

**B Investments Holding S.A.E.**

**Separate Statement of profit or loss for the year ended December 31, 2021**

| | Note | December 31, 2021 EGP | December 31, 2020 EGP |
|---|---|---|---|
| **Income and profits** | | | |
| Dividends income from investments at fair value through OCI | (27) | 20 201 805 | 38 075 645 |
| Dividends income from associate and joint ventures entities | (28) | 68 893 971 | 63 395 057 |
| Rental income of investment properties | (10) | 4 744 567 | 3 932 500 |
| Finance income | (29) | 71 591 354 | 70 390 913 |
| Reversal of impairment loss on other debit balances | | -- | 150 000 |
| Capital gain from partial disposal of investments at fair value through OCI | | -- | 118 112 758 |
| Capital gain from disposal of investment in subsidiaries | | -- | 4 177 859 |
| Other revenue | | 9 408 000 | -- |
| | | **174 839 697** | **298 234 732** |
| **Expenses and losses** | | | |
| Depreciation of investment properties | (10) | ( 1 779 005) | ( 1 729 885) |
| Investment Manager fees | (31) | ( 18 612 600) | ( 34 627 348) |
| Consulting fees and other expenses | (30) | ( 6 302 409) | ( 4 817 260) |
| Board of directors allowances and expenses | | ( 358 800) | ( 263 100) |
| Provisions formed during the year | (20) | ( 2 000 000) | -- |
| Reversal of expected credit loss | | 56 451 | -- |
| Foreign currency exchange loss | | ( 434 459) | ( 2 969 719) |
| **Net profit for the year before income tax** | | **145 408 875** | **253 827 420** |
| Income tax | | ( 21 613 173) | ( 38 355 653) |
| Deferred tax | (24) | ( 365 395) | 7 191 977 |
| **Net profit for the year** | | **123 430 307** | **222 663 744** |
| Basic earnings per share | (25) | **0.75** | **1.37** |
| Diluted earnings per share | (25) | **0.75** | **1.37** |

- The attached notes form an integral part of these separate financial statements, and to be read therewith.

B Investments Holding S.A.E.

Separate statement of Comprehensive Income for the year ended December 31, 2021

| | December 31, 2021<br>EGP | December 31, 2020<br>EGP |
|---|---|---|
| **Net profit for the year** | 123 430 307 | 222 663 744 |
| **Other comprehensive income** | | |
| Revaluation reserve of investments at fair value through OCI net of tax | 7 917 857 | 189 220 998 |
| **Total other comprehensive income for the year net of tax** | **7 917 857** | **189 220 998** |
| **Total comprehensive income for the year** | **131 348 164** | **411 884 742** |

- The attached notes form an integral part of these separate financial statements, and to be read therewith.

**B Investments Holding S.A.E.**
**Separate Statement of Changes in Equity for the year ended December 31, 2021**

| | Note | Issued and paid-up capital | Treasury stocks | Legal reserve | Revaluation reserve of investments at fair value through OCI | Capital issuance costs | Retained earnings | Net profit for the year | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP |
| Balance as of January 1, 2020 | | 800 122 080 | -- | 258 987 211 | -- | (4 111 018) | 132 739 271 | 68 492 934 | 1 256 230 478 |
| **Items of comprehensive income** | | | | | | | | | |
| Net profit for the year | | -- | -- | -- | -- | -- | -- | 222 663 744 | 222 663 744 |
| Revaluation reserve of investments at fair value through OCI net of tax | | -- | -- | -- | 189 220 998 | -- | -- | -- | 189 220 998 |
| Total Comprehensive income | | -- | -- | -- | 189 220 998 | -- | -- | 222 663 744 | 411 884 742 |
| **The company's shareholders transactions** | | | | | | | | | |
| Transferred to legal reserve | | -- | -- | 3 424 647 | -- | -- | -- | (3 424 647) | -- |
| Transferred to retained earnings | | -- | -- | -- | -- | -- | 65 068 287 | (65 068 287) | -- |
| Treasury stocks | | -- | (5 471 154) | -- | -- | -- | -- | -- | (5 471 154) |
| Dividends distribution | | -- | -- | -- | -- | -- | (64 942 359) | -- | (64 942 359) |
| Total company's shareholders transactions | | -- | (5 471 154) | 3 424 647 | -- | -- | 125 928 | (68 492 934) | (70 413 513) |
| Balance as of December 31, 2020 | | 800 122 080 | (5 471 154) | 262 411 858 | 189 220 998 | (4 111 018) | 132 865 199 | 222 663 744 | 1 597 701 707 |
| Balance as of January 1, 2021 | | 800 122 080 | (5 471 154) | 262 411 858 | 189 220 998 | (4 111 018) | 132 865 199 | 222 663 744 | 1 597 701 707 |
| Effect of application of EAS (47) Financial Instruments | | -- | -- | -- | -- | -- | ( 403 447) | -- | ( 403 447) |
| Adjusted Balance as of January 1, 2021 | | 800 122 080 | (5 471 154) | 262 411 858 | 189 220 998 | (4 111 018) | 132 461 752 | 222 663 744 | 1 597 298 260 |
| **Items of comprehensive income** | | | | | | | | | |
| Net profit for the year | | -- | -- | -- | -- | -- | -- | 123 430 307 | 123 430 307 |
| Revaluation reserve of investments at fair value through OCI net of tax | | -- | -- | -- | 7 917 857 | -- | -- | -- | 7 917 857 |
| Total Comprehensive income | | -- | -- | -- | 7 917 857 | -- | -- | 123 430 307 | 131 348 164 |
| **The company's shareholders transactions** | | | | | | | | | |
| Transferred to legal reserve | (23) | -- | -- | 11 133 187 | -- | -- | -- | (11 133 187) | -- |
| Transferred to retained earnings | | -- | -- | -- | -- | -- | 211 530 557 | (211 530 557) | -- |
| Sale of treasury stocks | (22) | -- | 5 471 154 | -- | -- | -- | 4 802 263 | -- | 10 273 417 |
| Dividends distribution | (34) | -- | -- | -- | -- | -- | (203 786 520) | -- | (203 786 520) |
| Total company's shareholders transactions | | -- | 5 471 154 | 11 133 187 | -- | -- | 12 546 300 | (222 663 744) | (193 513 103) |
| Balance as of December 31, 2021 | | 800 122 080 | -- | 273 545 045 | 197 138 855 | (4 111 018) | 145 008 052 | 123 430 307 | 1 535 133 321 |

- The attached notes form an integral part of these separate financial statements, and to be read therewith.

B Investments Holding S.A.E.

Separate Statement of Cash Flows for the year ended December 31, 2021

| | Note | December 31, 2021 EGP | December 31, 2020 EGP |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the year before income tax | | 145 408 875 | 253 827 420 |
| **Adjusted by :** | | | |
| Dividends income from associate and joint ventures entities | | (68 893 971) | (63 395 057) |
| Dividends income from investments at fair value through OCI | | (20 201 805) | (38 075 645) |
| Foreign currency exchange differences | | 434 459 | 2 969 719 |
| Provisions formed during the year | | 2 000 000 | - |
| Credit interest - treasury bills | | (57 746 008) | (59 282 335) |
| Credit interest | | (13 845 346) | (10 410 377) |
| Reversal of expected credit losses | | ( 56 451) | -- |
| Reversal of impairment loss on other debit balances | | -- | ( 150 000) |
| Depreciation of investment properties | | 1 779 005 | 1 729 885 |
| Capital gain from disposal of investment in subsidiaries | | -- | (4 177 859) |
| Capital gain from partial disposal of investments at fair value through OCI | | -- | (118 112 758) |
| **Operating losses before changes in working capital** | | (11 121 242) | (35 077 007) |
| Decrease in notes receivable | | 4 000 000 | 1 920 993 |
| Decrease in loans to associates and joint ventures entities | | 10 984 434 | -- |
| Decrease in balance due from related parties | | 1 875 673 | -- |
| (Increase) in other debit balances | | (8 467 167) | (10 956 519) |
| (Decrease) increase in balances due to related parties | | (16 976 254) | 15 963 754 |
| Increase (Decrease) in accounts payable and other credit balances | | 743 359 | (3 948 021) |
| Income tax paid during the year | | (31 685 909) | (1 109 488) |
| Proceeds from dividends income from investments at fair value through OCI | | 20 201 805 | 38 075 645 |
| Proceeds from dividends income from associate and joint ventures entities | | 68 893 971 | 63 395 057 |
| **Net cash flows generated by operation activities** | | 38 448 670 | 68 264 414 |
| **Cash flows from investment activities** | | | |
| Proceeds from credit interest | | 32 901 709 | 53 748 497 |
| Payments for investments in joint ventures acquisition | | (32 606 800) | -- |
| Payments for investments in subsidiaries acquisition | | (130 998 147) | -- |
| Payments for investment properties acquisition | | ( 204 847) | -- |
| Investment properties disposal | | -- | 20 536 |
| Proceeds from partial disposal of investments at fair value through OCI | | -- | 146 364 907 |
| Change in long-term deposits | | 3 099 080 | 60 902 179 |
| Proceeds from sale and redemption of treasury bills | | 460 757 642 | 312 074 531 |
| Payments for acquisition of treasury bills | | (292 207 278) | (453 428 996) |
| **Net cash flows generated by investment activities** | | 40 741 359 | 119 681 654 |
| **Cash flows from financing activities** | | | |
| Proceeds from sale (payments for purchase) of treasury stocks | | 10 273 417 | (5 471 154) |
| Dividends paid | | (203 786 520) | (64 785 721) |
| **Net cash flows (used in) financing activities** | | (193 513 103) | (70 256 875) |
| Net change in cash and cash equivalents during the year | | (114 323 074) | 117 689 193 |
| **Cash and cash equivalents at the beginning of the year** | (17) | 174 557 359 | 57 093 742 |
| Effect of changes in exchange rates on cash balances held in foreign currencies | | -- | ( 225 576) |
| **Cash and cash equivalents at the end of the year** | (17) | 60 234 285 | 174 557 359 |

**Non-cash transaction:**

Elimination of non-cash transactions is represented in the below:

* Elimination of change in revaluation reserve of investments at fair value through OCI amounted to EGP 7 719 857 ( Note-9).
* Part of the income tax liability was settled as a deduction from the other debit balance amounted to EGP 11 983 128.

- The attached notes form an integral part of these separate financial statements, and to be read therewith.

## 1. General information

B Investments Holding "S.A.E." (BPE Holding for Financial investments - formerly) "The Company" was established under the provisions of Law No. 95 for 1992 and its executive regulations. The Company was registered on December 31, 2005 under No. 52455 at South Cairo Commercial Register pursuant to the Capital Market Authority License No. 348 dated April 11, 2006. Then the company registered on October 24, 2012 under No. 63264 at South Cairo Commercial Register.

The company's new Location is 24 Talaat Harb Street, Cinema Radio Building – 1st Floor - Cairo. Was registered in the company's the commercial register on July 15, 2020.

The Company's purpose is to participate in incorporation of other entities, which issue securities, or increase their capital. The Company may have interest or participate in any form with corporate companies pursuing similar activities, or which may assist it in realizing its purpose in Egypt or abroad. The Company may also merge, purchase or become a subsidiary to companies according to the provisions of law and its executive regulation. The Company's duration is 20 years commencing from the commercial register date.

The Company's primary business activity is investing in other entities, in accordance with its established investment policy. The Company aims to identify, research, negotiate, make and monitor the progress of and sell, realize and exchange investments and distribute proceeds of such investments with the principal objective of providing shareholders with a high relative overall rate of return by means of both income, capital growth and exit.

On January 11, 2016 the Company's extraordinary general assembly decided to change the Company name to be BPE Holding for Financial Investments, the change was registered in the Company's commercial register on February 24, 2016.

On May 8, 2018 the Company's extraordinary general assembly decided to change the Company name to be B Investments Holding, the change was registered in the Company's commercial register on July 8, 2018.

## 2. Statement of compliance

The financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment Resolution No. (110) of 2015 and in light of the relevant Egyptian laws and regulations.

## 3. Application of new issued standards and applied amendments on EAS

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards which was issued where these amendments were published in the official gazette on April 7, 2019.

On 20 September 2020, a decree issued by the Prime Minister No. 1871 for year 2020 to postpone the application of EAS (47) - "Financial Instruments", EAS (48) - "Revenue from Contracts with Customers" and EAS (49) - "Lease Contracts" to the financial year starting from January 1,2021.

On May 9, 2021, the Financial Supervisory Authority issued a statement approving the postpone the application of the Egyptian Accounting Standard No. (47), "Financial Instruments" until a date no later than the preparation of financial statements at the end of 2021.

The following lists the most important amendments:

| New Standards or amended standards | Summary of significant amendments | Probable effect on financial statements | Effective date |
|---|---|---|---|
| New Egyptian Accounting Standard No. (47) "Financial Instruments" | 1- The new Egyptian Accounting Standard No. (47) "Financial Instruments" replaces the corresponding topics in Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement." Thus, the Egyptian Accounting Standard No. (26) was modified and reissued after withdrawing the special paragraphs. With the topics covered by the new standard (47) and the aggravation of the scope of the amended Standard (26) to deal only with limited cases of coverage accounting according to the establishment's choice.<br>2- According to the requirements of the standard, financial assets are classified on the basis of their measurement - subsequently - either at amortized cost, or at fair value through comprehensive income or at fair value through profit or loss, according to the business model of the financial assets' management and the contractual cash flow characteristics of the financial asset.<br>3- The model of realized losses in the measurement of the impairment of financial assets has been replaced by the expected credit loss models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments that are measured at fair value through other comprehensive income from the moment of the first recognition regardless of when there is an indicator of the loss event.<br>4- Based on the requirements of this standard, each of the following criteria has been modified:<br>Egyptian Accounting Standard No. (1) "Amended Financial Statements" 2019<br>Egyptian Accounting Standard No. (4) "Cash Flow Statement".<br>Egyptian Accounting Standard No. (25) "Financial Instruments: Bid". | Management has applied the standard. | Standard No. (47) applies to financial periods beginning on or after January 1, 2020, and early application is permitted, provided that Egyptian Accounting Standards No. (1), (25), (26) and (40) modifications 2019 are applied together on the same date.<br>-These amendments are effective as of the date of implementing Standard No. (47). |

| | | | |
|---|---|---|---|
| | Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement".<br>Egyptian Accounting Standard No. (40) "Financial Instruments: Disclosures". | | |
| New Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" | 1- The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:<br>a. Egyptian Accounting Standard No. (8) "Construction Contracts" amended 2015.<br>b. Egyptian Accounting Standard No. (11) "Revenue" amended 2015<br>2. The control model was used to recognize revenue instead of the risk and rewards model.<br>3. Incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met<br>4. The standard requires that the contract have commercial content in order for the revenue to be recognized.<br>5. Expanding the requirements of disclosure and presentation. | Management has applied the standard. | Standard No. 48 applies to financial periods beginning on or after January 1, 2021, and early application is permitted. |
| New Egyptian Accounting Standard No. (49) "Leasing Contracts" | 1. The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20) "Accounting Rules and Standards related to Financial Leasing" issued in 2015.<br>2. The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. | Management has applied the standard. | Standard No. (49) applies to financial periods beginning on or after January 1, 2020, and early application is permitted if Egyptian Accounting Standard No. (48) "Revenue from contracts with customers" 2019 is applied at the same time. |

| | | | |
|---|---|---|---|
| | 3. As for the lessor, the lessor shall classify each lease contract either as an operating lease or a finance lease contract.<br>4. As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable for an amount equivalent to the amount of the net investment in the lease contract.<br>5. As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis | | With the exception of the effective date above, Standard No. (49) 2019 applies to leasing contracts that were subject to the Financial Leasing Law No. 95 of 1995 - and its amendments, and they were processed according to Egyptian Accounting Standard No. (20) "Accounting rules and standards related to financial leasing operations", as well as Financial leasing contracts that arise under and subject to the law of financial leasing and factoring activities No. 176 of 2018, from the beginning of the annual reporting period in which Law 95 of 95 was repealed and the issuance of Law 176 of 2018. |

**Effect of Application of EAS No. (47)**

A change in the accounting policies was applied as a result of application of the Egyptian Accounting Standard No. (47) based on the transition phase with a retrospective effect and a recognition of the cumulative effect of the initial application on the date of the initial application where, accordingly, the comparative figures were not modified. The application of the Egyptian Accounting Standard No. 47 resulted in a change in retained earnings on January 1, 2021, amounting to 403 447 Egyptian pounds as a result of expected credit losses on financial assets.

**Effect of Application of EAS No. (48) and EAS No. (49)**

The company has applied EAS No. (48) and EAS No. (49) and there was no impact.

**Separate financial statements' basis of preparation**

The separate financial statements have been prepared on the historical cost basis except for financial assets that are designated at initial recognition as at fair value through other comprehensive income. The Company's investments in subsidiaries, jointly ventures and associates are accounted for using the cost method (less impairments, if existed), and they are presented in the accompanying separate financial statements based on the company's direct equity interest rather than on its interest in reported results and the investees companies' net assets. For a better understanding of the financial position, business results and cash flows of the company and its subsidiaries, jointly ventures and associates, reference should be made to the Company's consolidated financial statements.

## 4. Critical accounting judgments and key sources of uncertain estimation

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, therefore those 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 critical judgments and estimates that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements:

**Provisions and contingent liabilities**

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

**Impairment of financial assets**

On a prospective basis, the Company evaluates the expected credit losses for debt instruments measured at amortized cost and at fair value through other comprehensive income. The Company measures the expected credit losses and recognizes a provision for credit loss at the date of preparing the financial reports. The measurement of credit losses reflects the expectation: (i) a weighted fair amount determined by evaluating a range of outcomes, (ii) the time value of money, and (iii) reasonable and supportive information that is available without incurring undue cost or effort at the end of each reporting period of preparation of financial reports about past events, current conditions, expectations and future conditions.

The Company applies a three-stage model of impairment, based on changes in credit quality since the first recognition, the financial instrument that has not been decreased by impairment at the first recognition is classified in the first stage. The expected credit losses for financial assets in the first stage are measured at an amount equal to the portion of the expected credit losses over the life that results from default events that are possible within the next 12 months or until the contractual maturity date, if more (up to 12 months expected credit losses) if the Company determines a significant increase in credit risk since the first recognition, the asset is transferred to the second stage and the expected credit losses are measured on the basis of the expected credit losses over the life, that is, until the contractual maturity date, but taking into account the expected advance payments, if any (expected credit losses over a lifetime). For a description of how the Company determines when a significant increase in credit risk will occur. If the Company determines that a financial asset is credit-impaired, the asset is transferred to the third stage and the expected credit losses are measured as lifetime expected credit losses.

**Impairment of non-financial assets**

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

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

**Recognition and measurement of current tax liabilities**

The Company's profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for certain transactions could be difficult during the reporting period, the Company records current tax liabilities using its best estimate about the taxable treatment of these transactions and the possibility of incurring of additional tax charges that may result from tax inspections. When a difference arises between the final tax assessment and what has been recorded, such difference is recorded as an income tax expense and current tax liability in the current period and is considered as a change in accounting estimates.

## 5. Significant accounting policies

The following is a presentation for the most important implemented policies for preparing financial statements:

### a. Investments in subsidiaries

A subsidiary Company is an entity including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

Control is achieved when the Group has the right into variable returns through its contribution in the investee when exposed or entitled to variable returns and have the ability to affect that returns through its power on investee, the Company control the investee when the Company has the following:

- Has power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee

- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the particular ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

**b. <u>Investments in associates</u>**

An associate Company is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

Investments in associate companies 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 to sell. And the Company does not follow the equity method to account for its investments in associates in the attached separate financial statements according to phrase (10) of the EAS (17).

In case of an objective evidence that an impairment loss has been incurred on investments in associate companies at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in the profit or loss.

**c. <u>Investments in joint ventures</u>**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Investments in jointly controlled entities 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 to sell. And the Company does not follow the equity method to account for its investments in joint ventures in the attached separate financial statements according to phrase (10) of the EAS (17).

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

**d. <u>Investments measured at fair value through other comprehensive income</u>**

Investments measured at fair value through other comprehensive income are initially recognized, at acquisition, at fair value plus transaction costs which include fees and commissions paid to agents, advisors, brokers and dealers, taxes levied by regulatory agencies and securities exchanges, and transfer taxes and duties.

After initial recognition, these investments are subsequently measured at fair value with gains or losses resulting from fair value measurement recognized directly in equity, until the investment is derecognized, at which time the cumulative gain or loss previously recognized in equity are then recognized in the profit or loss. In case there is objective evidence that an impairment loss has been incurred on investments measured at fair value through other comprehensive income at the date of the financial statements, the cumulative loss that had been previously recognized in equity are removed from equity and recognized in profit or loss even though the investments have not been derecognized.

e. **Investment properties**

Investment properties are properties held to earn rentals and or for capital appreciation. Investment properties are measured initially at cost including transaction costs and are subsequent to the initial recognition reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property is included in the separate statement of profits and losses in the period in which the property is derecognized. Gain or loss on de-recognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Investment property, except for land, is depreciated using the straight-line method, depreciation is charged to the separate statement of profits and losses over the useful life of each investment property. The following are estimated useful lives for investment properties that are used to calculate depreciation:

| Description | Lifetime by years | Depreciation Rate |
|---|---|---|
| Buildings | 50 | 2% |

f. **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash at banks, short-term demand deposits with maturities less than three months that are readily convertible to specified amounts of cash.

g. **Separate statement of Cash flows**

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

h. **Foreign currency translation**

The financial statements are presented in Egyptian pounds, being the currency of the primary economic environment in which the entity operates (its functional currency). Transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to Egyptian pounds at the rates prevailing at the balance sheet date.

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

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

### i. Revenue recognition and measurement

The Company's revenue is represented in the below:

**- Dividend income from investments**

Dividend income from investments is recognized at a point in time when the shareholders' right to pay these dividends at the fair value of the consideration received or still owed to the Company is issued.

**- Interest income**

Interest income is recognized according to the accrual principle on the basis of a time proportional distribution, taking into account the principal outstanding and the interest rate applied over the period to the maturity date.

### j. Taxation

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

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

Accordingly, during each reporting period, an estimated income tax expense is recognized in the profit or loss that represents the sum of the tax currently payable and deferred tax with actual income tax expense recognized at year-end.

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

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation of current tax expense for the year, then the related deferred tax is recognized in the separate statement of profits and losses.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 accounted for using the balance sheet liability method and are reported in the balance sheet as non-current assets and liabilities.

**k. Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

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

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

**l. Dividends**

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

**m. Earnings per Share**

Basic and diluted earnings per share are calculated based on dividing the profit or loss, according to the financial statements (net of employees' statutory profit share and Board of Directors profit share, (if any), attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

**n. Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Company considers each investment, whether a subsidiary, jointly controlled entity, or associate, as a single cash generating unit.

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised estimate does not exceed what the carrying amount would have been determined had the impairment loss not been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the separate statement of profits and losses.

o. **Financial instruments**

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

Financial assets are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: investment in treasury bills, cash at banks, due from related parties, credit facilities to related parties, and certain items within other debit balances. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

**A. Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The subsequent measurement of all other financial assets is measured by fair value.

**B. Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

The return on all debt instruments is recognized on an effective interest basis except as a financial asset at fair value through profit or loss where the yield is included in the net change in fair value.

**C. Financial assets at fair value through other comprehensive income (FVTOCI)**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Company has designated all investments in equity instruments, that are not held for trading, as at FVTOCI on initial application of EAS No. (47).

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established based upon the Egyptian Accounting Standard No. (48) "Revenue from contracts with customers". Dividends earned are recognized in profit or loss and are included in the "Dividends income from investments" line item.

**D. Financial assets at fair value through profit and loss (FVTPL)**

Investments in equity instruments are classified as FVTPL unless the Company classifies the investment as FVTOCI upon initial recognition as FVTOCI.

Debt instruments - which do not meet the conditions of amortized cost - are measured at fair value through profit or loss, and debt instruments that meet the conditions of amortized cost - however the Company chooses to classify them at fair value through profit or loss - are also measured at fair value through profits or losses. A debt instrument may be classified upon initial recognition at fair value through profit or loss if that classification eliminates or significantly reduces a measurement or recognition inconsistency that may arise from the use of different bases in measuring assets or liabilities or in recognizing the resulting gains or losses. The Company has not classified any debt instrument at fair value through profit or loss.

Debt instruments are reclassified from the "amortized cost" classification to the "fair value through profit or loss" classification when the business model is changed such that the amortized cost terms are no longer applicable. It is not allowed to reclassify debt instruments that are classified upon initial recognition at fair value through profit or loss outside that classification.

Financial assets classified at fair value through profit or loss are measured at fair value at the end of each financial period, with any gain or loss resulting from re-measurement recognized in profit or loss. The net gain or loss - recognized in profit or loss for the period - is included in "other gains and losses" in the separate statement of comprehensive income.

The value is determined and the interest income from debt instruments classified at fair value through profit or loss is included in the net profit or loss referred to above.

Income from dividends resulting from investments in equity instruments classified at fair value through profit or loss is recognized in profit or loss when the Company has the right to receive dividends in accordance with Egyptian Accounting Standard No. (48) "Revenue from contracts with customers", and that income is included within the net profit or loss referred to above.

**E. Impairment of financial assets**

On a prospective basis, the company evaluates the expected credit losses for debt instruments measured at amortized cost and at fair value through other comprehensive income. The Company measures the expected credit losses and recognizes a provision for credit loss at the date of preparing the financial reports. The measurement of credit losses reflects the expectation: (i) a weighted fair amount determined by evaluating a range of outcomes, (ii) the time value of money, and (iii) reasonable and supportive information that is available without incurring undue cost or effort at the end of each reporting period of preparation of financial reports about past events, current conditions, expectations and future conditions.

The Company applies a three-stage model of impairment, based on changes in credit quality since the first recognition, the financial instrument that has not been decreased by impairment at the first recognition is classified in the first stage. The expected credit losses for financial assets in the first stage are measured at an amount equal to the portion of the expected credit losses over the life that results from default events that are possible within the next 12 months or until the contractual maturity date, if more (up to 12 months expected credit losses) if the Company determines a significant increase in credit risk since the first recognition, the asset is transferred to the second stage and the expected credit losses are measured on the basis of the expected credit losses over the life, that is, until the contractual maturity date, but taking into account the expected advance payments, if any (expected credit losses over a lifetime). For a description of how the company determines when a significant increase in credit risk will occur. If the Company determines that a financial asset is credit-impaired, the asset is transferred to the third stage and the expected credit losses are measured as lifetime expected credit losses.

**F. Derecognition of financial assets**

The Company derecognize the financial asset from its books - only - when its contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and all the risks and benefits associated with its ownership to another entity to a large extent.

If it turns out that the Company has neither transferred nor retained substantially all of the risks and benefits associated with ownership of the asset and continues to control the transferred asset, then the Company will recognize the right it held in the asset and with a corresponding liability representing the amounts that may have to be paid. If it turns out that the Company retains to a large extent 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 gains it received as an amount borrowed as a security for that asset.

When a financial asset carried at amortized cost is removed from the books, then the difference between the carrying amount of the asset and the sum of the consideration received and the consideration still accrued is recognized in profit or loss.

**Financial liabilities and equity instruments**

**A. Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**B. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

a) The instrument includes no contractual obligation:

i. to deliver cash or another financial asset to another entity; or

ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

b) If the instrument will or may be settled in the issuer's own equity instruments, it is:

i. a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or

ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**C. Financial liabilities**

Financial liabilities are classified into the following specified categories: accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

A financial liability is classified as current liability when it satisfies any of the following criteria:

- It is expected to be settled in the entity's normal operating cycle
- It is held primarily for the purposes of trading;
- It is due to be settled within twelve months after the reporting period;
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other financial liabilities are classified as non-current.

**D. Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 6. Investments in subsidiaries

| Company Name | No. of owned Shares | Ownership % | December 31, 2021 EGP | December 31, 2020 EGP |
|---|---|---|---|---|
| B Healthcare Investment | 25 999 998 | 99.99% | 130 998 147 | -- |
| | | | **130 998 147** | -- |

- On August 13, 2020, the board of directors approved the establishment of a Company that is specialized in healthcare. On November 29, 2021, B Healthcare Investments was established with authorized capital of one billion EGP and issued capital of EGP 130 M divided into 26M shares of EGP 5 par value each.

## 7. Investments in joint ventures (net)

| Company Name | No. of Shares | Ownership % | December 31, 2021 EGP | December 31, 2020 EGP |
|---|---|---|---|---|
| Inergia Technologies for Information Systems S.A.E "Inergia" | 5 532 124 | 68.04% | 55 321 240 | 55 321 240 |
| Ebtikar Holding for Financial Investment S.A.E. | 168 600 600 | 16.45% | 116 241 000 | 150 000 000 |
| Basata Financial Holding S.A.E. | 673 783 | 20.25% | 67 378 300 | 1 012 500 |
| Gourmet Egypt.Com S.A.E. | 3 772 261 | 52.9% | 103 861 865 | 92 627 255 |
| Payments under capital increase in Gourmet Egypt.Com S.A.E. | -- | -- | -- | 11 234 610 |
| Red Sea Venture for Solar Energy S.A.E. | 7 425 | 49.5% | 5 727 150 | 5 727 150 |
| **Less:** Impairment in Red Sea Venture for Solar Energy S.A.E. | | | (5 727 150) | (5 727 150) |
| | | | **342 802 405** | **310 195 605** |

### Inergia Technologies for Information Systems "Inergia"

Pursuant to the shareholders' agreement, Inergia an SPV created late 2006 by the Company and the management team of Giza Systems Company "S.A.E" "Giza Systems" for the purpose of owning a controlling stake in Giza Systems. Currently, Inergia owns a stake of 65.7% in Giza Systems' shares.

Despite of owning 68.04% of the share capital and voting rights in Inergia Technologies for information Systems Company, but according to the contractual terms contained in shareholders' agreement for Inergia Company referred to above with the parties managing Giza Systems, both contracting parties have joint control over Inergia and Giza Systems.

### Ebtikar Holding for Financial Investment

On June 12, 2017 the Company subscribed in the capital of Ebtikar Holding for Financial Investments. As per the article of association. The Company, management Company and others hold 50% of Ebtikar Holding for Financial Investment's capital and the management Company holds (representing itself and its managed entities) 50% of votes at board meetings.

On December 16, 2020, the board members of Ebtikar Holding for Financial Investment have approved a capital increase of EGPM 26 where B Investments Holding's share in this increase has reached an amount of EGP 5 265 400. This was registered in the investee's commercial register on February 7,2021.

During May 2021, a deed of assignment was signed between Ebtikar Holding for Financial Investment (Seller) and Basata Financial Holding S.A.E. (Buyer) with portion of the credit balance arising from restructuring of Ebtikar Holding for Financial Investment owned shares in Tamweel Holding for Investment S.A.E., Tamweel Group of Companies and Basata for Microfinance S.A.E (previously Vitas Misr) to Basata Financial Holding S.A.E. where part of its credit balance will be transferred to Ebtikar Holding for Financial Investment's shareholders. Accordingly, Ebtikar Holding for Financial Investment transferred part of its rights in Basata Financial Holding S.A.E. by an amount of EGP 192 700 000 to Ebtikar Holding for Financial Investment's shareholders with Basata Financial Holding S.A.E. acceptance of the transfer and of its commitment to fulfill the aforementioned amount to the shareholders upon request where the share of B Investments Holding amounted to EGP 39 024 400.

On May 26, 2021, the extraordinary general assembly meeting of Ebtikar Holding for Financial Investment approved the capital decrease by an amount of EGP 192 700 000 where B Investments Holding's share in this decrease reached an amount of EGP 39 024 400. This was registered in the investee's commercial register on July 13,2021.

On October 24, 2021, the extraordinary general assembly meeting of Ebtikar Holding for Financial Investment approved the dilution of the par value per share to be 50 Egyptian piasters instead of EGP 100 where Ebtikar Holding for Financial Investment number of shares will be 1 024 818 200 shares. The number of B Investments Holding's owned shares after this amendment reached 168 600 600 shares. This was registered in the investee's commercial register on November 22,2021.

**Basata Financial Holding S.A.E.**

On July 17, 2020, the Company invested in the capital of Basata Financial Holding S.A.E. As per the memorandum of association. The Company, the management Company and others own 50% of the capital of Basata Financial Holding S.A.E. the management Company holds (representing itself and its managed entities) 50% of votes at board meetings.

On January 26, 2021, the board members of Basata Financial Holding S.A.E. have approved a capital increase by an amount of EGPM 55, where B Investments Holding's share in this increase has reached an amount of EGP 11 139 100. This was registered in the investee's commercial register on February 10,2021.

On May 5, 2021, the board members of Basata Financial Holding S.A.E. have approved a capital increase by an amount of EGPM 80, where B Investments Holding's share in this increase has reached an amount of EGP 16 202 300. This was registered in the investee's commercial register on June 26,2021.

On September 28, 2021, the extraordinary general assembly meeting of Basata Financial Holding S.A.E. approved a capital increase by an amount of EGP 192 700 000 where B Investments Holding's share in this increase has reached an amount of EGP 39 024 400. This was registered in the investee's commercial register on December 29,2021.

**Gourmet Egypt.com S.A.E.**

During September 2018, the Company signed a shareholder's agreement for acquiring shares in the capital of Gourmet Egypt S.A.E., the acquisition was completed during October 2018, the Company holds 52.9% of Gourmet's share capital, the terms of the shareholders agreement of Gourmet provides that the contracting parties will have joint control over Gourmet. Acquisition cost reached an amount of EGPM 126.3 by the end of 2018 that included an amount of EGPM 33.7 recorded as credit balance to shareholders in Gourmet's books until the completion of the capital increase procedures of the investee.

On July 10, 2020, the company and the shareholders of Gourmet Egypt.com S.A.E "Gourmet" signed an appendix to the shareholders' agreement signed on September 18, 2018, according to which some of the terms of that agreement related to B Investments Holding Company (an Egyptian Joint Stock Company) acquisition of share in the capital of Gourmet Egypt.com S.A.E "Gourmet" were amended which is related to capitalizing the credit balance of the company in the books of Gourmet Egypt.com "Gourmet" in light of the targeted business results of Gourmet Egypt.com Company "Gourmet"- Note (12).

On May 6, 2021, the board members of Gourmet Egypt.com have approved a capital increase by an amount of EGP 11 234 610 where this increase was registered in Gourmet Egypt.com's commercial register on June 27,2021.

**Red Sea Venture for Solar Energy**

Investment in Red Sea Venture for Solar Energy "S.A.E." is initially recognized as a jointly controlled entity based on the preliminary agreement between the company and the other shareholders which provides that the decision-making process will be jointly made by the parties to the agreement. The company recognized impairment for the total amount of investment in prior years as a result of the cessation of the investee's business activities.

## 8. Investments in associates (net)

| Name of Company | No. of Shares | Ownership % | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| | | | EGP | EGP |
| Al Retail for Trade and Investment | 727 526 | 22.79% | 7 275 258 | 7 275 258 |
| Madinet Nasr for Housing and Development S.A.E "MNHD" | 112 400 513 | 7.51% | 153 854 685 | 153 854 685 |
| Infinity Solar (1) B.V. | 246 | 24.6% | -- | -- |
| Infinity Solar (2) B.V. | 175 | 17.5% | -- | -- |
| Infinity Solar (3) B.V. | 175 | 17.5% | -- | -- |
| **Less:** Impairment in Al Retail for Trade and Investment | | | (7 273 507) | (7 273 507) |
| | | | **153 856 436** | **153 856 436** |

**Madinet Nasr for Housing and Development S.A.E "MNHD"**

Investment in Madinet Nasr for Housing and Development (MNHD) was classified as investments in associates as the Company has significant influence over MNHD through its direct stake and the stake owned by BIG Investments Group B.V.I Co. (related party) which holds a stake of 19.93% of the total shares of MNHD, therefore both companies own collectively 27.44% of MNHD's shares, and that have been done after taking into considerations that both BIG Investment Group B-V-I and B Investments Holding are being managed by a management contract (solo) between both companies and BPE Partners S.A.E.

**Infinity Solar (1, 2 & 3) B.V.**

In partnership with Infinity Solar Energy and IB Vogt, the Company invested in three solar power generation plants located in Ben Ban- Aswan with a total capacity of 130 MW. The investment is financed through equity and debt from international development finance institutions including the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) and the shareholders of the solar energy companies. Additionally, these solar projects are part of the second round of the Ministry of Electricity's Feed-in Tariff (FIT) program to encourage the development of renewable energy resources in the country as well as private sector involvement in energy generation.

The shareholders' agreements signed by the Company and other shareholders regulate the operation and management of the solar companies and the relationship between shareholders. The terms of shareholders' agreements entitle the Company to exercise significant influence over the solar entities through participation in the financial and operating policy decisions of the investees and accordingly are accounted for as investments in associates.

The shareholders' agreements provide that the planned investment period will be four years starting from the commercial operation date of the solar plants where the Company will exit the investments through sale, otherwise the Company will have the option to put all of its shares in the solar entities after the elapse of the mentioned four years' period, the option will be excisable at any time during a period of 2.5 years.

The company subscribed for shares in the capital of the solar entities, each share capital has par value of USD 1. The issued shares are not paid and are only payable on the call of each investee. Each solar entity is a private company with limited liability incorporated under the laws of the Netherlands, and each solar entity ultimately invests in a joint stock Company that undertake the solar power generation related activities in Egypt.

The finance made by the Company to the three solar entities, which takes the form of shareholders loans, reached USD 7.1M equivalent to EGPM 111.4 as of December 31, 2021 - Note (11).

## 9. Investments at fair value through OCI

| Name of Company | No. of Quotas | Ownership % | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| | | | EGP | EGP |
| Total Egypt LLC "Total" - Cost* | 330 248 | 6.375% | 113 009 935 | 141 262 077 |
| **Deduct:** 20% disposal of total Quotas | | | -- | ( 28 252 142) |
| **Add:** Valuation of remaining Quotas ** | | | 268 562 788 | 256 905 533 |
| | | | **381 572 723** | **369 915 468** |

* Pursuant to the shareholders' agreement signed in 2013 with Total O M "parent Company of Total Egypt", the Company invested EGP 141 262 077 in Total, and accounts for its investment at fair value through OCI. The Company's share in Total was 13.01% as of December 31, 2013. During 2014, Total called for a capital increase and the Company did not subscribe in this capital increase, which diluted the Company's interest from 13.01% to 7.97%. The commercial register of Total has been amended to reflect the capital increase on September 24, 2014. Additionally, the shareholders' agreement signed in 2013 between the Company and Total O M "parent company of Total Egypt" stipulates that the Company has a put option to sell all or part of the shares owned to Total O M, the put option is exercisable starting from the sixth year until the thirteenth year from the date of signing the shareholders' agreement. In return, (Total O M) has the option to call all of the shares owned by the Company starting from the eighth year until the thirteenth year from the date of signing the shareholders' agreement.

On December 24, 2020, the Company sold 20% of its share in Total Egypt which is equal to 1.6% of the Company's total Quotas, and accordingly, its ownership percentage has become 6.375%.

** The Company's management reached to an appropriate method for measuring the fair value of the investment in Total Egypt LLC "Total" on December 31, 2021 taking into consideration the world's exposure to the spread of the new Corona virus (COVID-19) considering the conflict broke out between Russia and Ukraine, which has a negative impact on the economies of many countries which reflected on the performance of financial markets and the volume of global trade, as well as any other influences.

## 10. Investment properties (net)

| | Maadi Administration Building EGP | | Total EGP |
|---|---|---|---|
| **Cost** | **Land** | **Building** | |
| **As of January 1, 2020** | **57 922 825** | **38 380 722** | **96 303 547** |
| Disposals during the year | -- | (20 538) | **(20 538)** |
| **As of December 31, 2020** | **57 922 825** | **38 360 184** | **96 283 009** |
| **As of January 1, 2021** | **57 922 825** | **38 360 184** | **96 283 009** |
| Additions during the year | -- | 204 847 | **204 847** |
| **As of December 31, 2021** | **57 922 825** | **38 565 031** | **96 487 856** |
| **Accumulated depreciation** | | | |
| **As of January 1, 2020** | -- | **1 257 012** | **1 257 012** |
| Depreciation during the year | -- | 1 729 885 | **1 729 885** |
| **As of December 31, 2020** | -- | **2 986 897** | **2 986 897** |
| **As of January 1, 2021** | -- | **2 986 897** | **2 986 897** |
| Depreciation during the year | -- | 1 779 005 | **1 779 005** |
| **As of December 31, 2021** | -- | **4 765 902** | **4 765 902** |
| **Net book value as of December 31, 2021** | **57 922 825** | **33 799 214** | **91 721 954** |
| **Net book value as of December 31, 2020** | **57 922 825** | **35 373 287** | **93 296 112** |

The Company leased the first floor of the administrative building in Maadi to Daikin Egypt for air-conditioners for operating lease after completing the decoration and utility connection works, in return for a monthly rent of 325 000 Egyptian pounds for the first year, 341 250 Egyptian pounds for the second year and USD 27 563 for the third year and the building was delivered from the first of November 2019. Also, the Company leased the ground floor and mezzanine in the administrative building in Maadi to the National Bank of Egypt as operating lease where the lease rent will be computed in the successive month following the completion of utilities instalments with a monthly rent of 231 150 Egyptian pounds with an annual cumulative increase of 10% starting from the second year for a period of nine years starting from November 2021.

These properties were registered under the Company's name in the Real Estate Registration Authority where the fair value of the real estate investments was measured at an amount of EGP 95 081 410 as of December 31, 2021 based on the valuation expert report (2020: EGP 99 643 670).

## 11. Loans to associates

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Infinity Solar (1) B.V. | 32 696 342 | 33 495 330 |
| Infinity Solar (2) B.V. | 56 731 029 | 56 195 804 |
| Infinity Solar (3) B.V. | 22 259 077 | 22 566 921 |
| Deduct: Expected credit losses | (241 303) | -- |
| | **111 445 145** | **112 258 055** |

On December 31, 2017, the Company signed shareholder loan agreements with its investees, the solar entities as disclosed in Note 8. The loans were made pursuant to the shareholders' agreements governing the Company's investments in the solar entities. The Company's funding to its investees is in the form of shareholder loans that will be repaid, from the operation of the solar plants' projects undertaken in Egypt by the investees of the solar entities, during the investment period and on the Company's exit from the investments if sale or exercise of the put options occur before full repayment.

Total loan amount as of December 31, 2021 reached USD 7.1M equivalent to EGPM 111.4 with an interest rate of 10 % per annum.

## 12. Loan to Joint ventures

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Current portion from loan to joint ventures | 24 772 315 | 11 234 610 |
| Non-current portion from loan to joint ventures | -- | 11 234 610 |
| Deduct: Expected credit losses | ( 64 907) | -- |
| | **24 707 408** | **22 469 220** |

On July 10, 2020, the Company and the shareholders of Gourmet Egypt.com S.A.E "Gourmet" signed an appendix to the shareholders' agreement signed on September 18, 2018, according to which some of the terms of that agreement related to B Investments Holding Company (an Egyptian Joint Stock Company) acquisition of share in the capital of Gourmet Egypt.com S.A.E "Gourmet" were amended which is related to capitalizing the credit balance of the Company in the books of Gourmet Egypt.com "Gourmet" in light of the targeted business results of Gourmet Egypt.com Company "Gourmet".

The total credit balance referred to above is subject to annual interest of 1% plus the corridor rate announced by the Central Bank of Egypt, calculated from January 1, 2021.

## 13. Notes receivable (net)

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Current portion of notes receivable | 3 000 000 | 4 000 000 |
| Deduct: Present value of the current portion | (549 668) | (259 626) |
| Deduct: Expected credit losses | (3 272) | -- |
| **Short term notes receivable – Net** | **2 447 060** | **3 740 374** |
| Non-curent portion of notes receivable | 12 000 000 | 15 000 000 |
| Deduct: Present value of the non-current portion | ( 4 559 117) | (5 108 783) |
| Deduct: Expected credit losses | (9 340) | -- |
| **Long term notes receivable – Net** | **7 431 543** | **9 891 217** |

## 14. Treasury bills (net)

| | December 31, 2021<br>EGP | December 31, 2020<br>EGP |
|---|---|---|
| Treasury bills – with maturities more than 3 months | 321 350 000 | 499 325 000 |
| **Deduct**: unrealized interest | (3 256 507) | (38 567 355) |
| **Deduct**: Expected credit losses | (11 112) | -- |
| | **318 082 381** | **460 757 645** |

The balance represents treasury bills bought from private banks with an interest rate of 13%.

## 15. Due from related parties (net)

| | Relationship nature | Account nature | December 31, 2021<br>EGP | December 31, 2020<br>EGP |
|---|---|---|---|---|
| Red Sea venture for solar energy | Joint venture | Current account | 1 149 958 | 1 149 958 |
| Infinity Solar (1) B.V. | Associate | Current account | -- | 665 293 |
| Infinity Solar (2) B.V. | Associate | Current account | -- | 678 440 |
| Infinity Solar (3) B.V. | Associate | Current account | -- | 653 440 |
| B Healthcare Investment | Subsidiary | Current account | 121 500 | -- |
| **Deduct**: Expected credit losses | | | ( 1 150 528) | (1 143 958) |
| | | | **120 930** | **2 003 173** |

## 16. Other debit balances (net)

| Description | December 31, 2021<br>EGP | December 31, 2020<br>EGP |
|---|---|---|
| Deposits held with others | 46 795 | 46 795 |
| Accrued interest | 3 902 | 16 987 |
| Accrued rental income | 2 804 500 | 2 804 500 |
| Prepaid expenses | 148 105 | 207 645 |
| Withholding tax receivable | 131 277 | 89 212 |
| Withholding tax on treasury bills | 6 325 602 | 10 381 829 |
| Advance payment to tax authority | 400 000 | -- |
| Advance payment to suppliers | 243 932 | 998 413 |
| Other debit balances | 394 476 | 47 852 |
| **Deduct**: Expected credit losses | ( 2 807 671) | (2 804 500) |
| | **7 690 918** | **11 788 733** |

## 17. Cash at banks

| | December 31, 2021<br>EGP | December 31, 2020<br>EGP |
|---|---|---|
| Current accounts in local currency | 47 810 974 | 27 814 933 |
| Current accounts in foreign currencies | 12 430 632 | 146 742 426 |
| Time deposits in foreign currencies | 1 565 000 | 4 699 290 |
| **Deduct**: Expected credit losses | (7 321) | -- |
| | **61 799 285** | **179 256 649** |

For the purpose of preparing cash flow statement, the cash and cash equivalents are comprised of the following:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Cash at banks | 61 799 285 | 179 256 649 |
| Deduct: Time Deposits – with maturities of more than 3 months | (1 565 000) | (4 699 290) |
| | **60 234 285** | **174 557 359** |

## 18. Due to related parties

| | Relationship nature | Account nature | December 31, 2021 | December 31, 2020 |
|---|---|---|---|---|
| | | | EGP | EGP |
| BPE Partners S.A.E. | Management Company | Management fees and incentive fees | 4 691 395 | 20 655 149 |
| Basata Financial Holding S.A.E. | Joint venture | Cash Transfers | -- | 1 012 500 |
| | | | **4 691 395** | **21 667 649** |

## 19. Accounts payable and other credit balances

| Description | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Accounts payable | 82 406 | 128 509 |
| Accrued expenses | 2 953 971 | 2 618 889 |
| Withholding tax | 161 721 | 163 746 |
| Prepaid rent | 434 883 | 341 250 |
| Rent insurance | 782 500 | 783 215 |
| Dividends Payable | 469 638 | 156 638 |
| Others | 50 487 | -- |
| | **4 935 606** | **4 192 247** |

## 20. Provisions

| | December 31, 2020 | Formed during the year | December 31, 2021 |
|---|---|---|---|
| | EGP | EGP | EGP |
| Provision for claims | 2 040 651 | 2 000 000 | 4 040 651 |
| | **2 040 651** | **2 000 000** | **4 040 651** |

Provision balance is related to claims from external parties arising from the ordinary course of business. Management reviews these provisions on quarterly basis and revise the amounts based on the latest developments, or negotiations or agreements reached with claiming parties.

## 21. Capital

The Company's authorized capital amounted to EGP 2.4 billion, and the issued and paid-up capital amounted to EGP 800 122 080 divided into 160 024 416 shares of EGP 5 par value each as of December 31, 2021.

## 22. Treasury stocks

The Board of Directors, in its meeting held on March 26, 2020, approved the purchase of its treasury shares, with a maximum number of 1 600 244 shares, which represents 1% of the company's total shares, through the open market for a period of three months, provided that the purchase value does not exceed 12 million Egyptian pounds. The number of treasury shares acquired is 801 289 shares, with a total value of EGP 5 471 154 as of December 31, 2020.

The Board of Directors, in its meeting held on February 3, 2021, approved the sale of the total treasury shares owned by the company, which amount to 801 289 shares, and the total shares were sold in a trading session on February 4, 2021 and a recognized net profit by an amount EGP 4 802 263 was charged to the retained earnings.

## 23. Reserves

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Beginning balance | 258 300 840 | 254 876 193 |
| Transferred from prior year net profit | 11 133 187 | 3 424 647 |
| | **269 434 027** | **258 300 840** |

## 24. Deferred tax liabilities

| | December 31, 2020 | Movement during the year asset / (Liability) | | December 31, 2021 |
|---|---|---|---|---|
| | | Separate statement of profits and losses | Separate statement of Comprehensive Income | |
| | EGP | EGP | EGP | EGP |
| Deferred tax liability arising from the depreciation of investment properties | (540 777) | (82 124) | -- | **(622 901)** |
| Deferred tax liability arising from unrealized foreign Currency exchange differences | 2 840 207 | ( 283 271) | -- | **2 556 936** |
| Differences in valuation of investments at fair value through OCI | (67 684 535) | -- | (3 739 398) | **(71 423 933)** |
| | **(65 385 105)** | **(365 395)** | **(3 739 398)** | **(69 489 898)** |

Deferred tax assets were not recognized on the following items due to insufficient assurance to realize them in the future:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Impairment in joint venture investment | 5 727 150 | 5 727 150 |
| Impairment in Investment in associate | 7 273 507 | 7 273 507 |
| Provisions | 4 040 651 | 2 040 651 |
| Expected credit losses on financial assets | 4 295 454 | 3 948 458 |
| | **21 336 762** | **18 989 766** |

## 25. Basic and diluted profits per share

**Basic:** Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**Diluted:** Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As there are no debt instruments that are convertible to shares, so diluted and basic earnings per share are equal.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Net profit for the year | 123 430 307 | 222 663 744 |
| **Less:** Board of directors' profit share | (3 660 000) | (3 756 000) |
| | **119 770 307** | **218 907 744** |
| Weighted average number of shares | 160 024 416 | 160 024 416 |
| **Basic and diluted earnings per share** | **0.75** | **1.37** |
| Add/Deduct treasury stocks: | | |
| Weighted average number of shares including treasury shares | 159 949 775 | 159 501 215 |
| **Diluted earnings per share** | **0.75** | **1.37** |

## 26. Significant related parties' transactions

Related parties' transactions occurred during financial period on current accounts nature represented mainly in management fees and the expenses related to the Company or expenses the Company paid on behalf of related parties.

The main transactions during the year are as follows:

| Company name | Type of relation | Type of transaction | Volume of transactions during the year EGP |
|---|---|---|---|
| BPE Partners S.A.E. | Management Company | Management fees | (18 612 600) |
| | | Payment of Incentive fees | 15 963 754 |
| Infinity Solar (1) B.V. | Associate | Credit interest income | 3 054 536 |
| Infinity Solar (2) B.V. | Associate | Credit interest income | 5 283 322 |
| Infinity Solar (3) B.V. | Associate | Credit interest income | 2 162 478 |
| Gourmet Egypt.com | Joint Venture | Credit interest income | 2 303 095 |

## 27. Dividends income from investments at fair value through OCI

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Total Egypt L.L.C. | 20 201 805 | 38 075 645 |
| | **20 201 805** | **38 075 645** |

## 28. Dividends income from joint ventures and associate entities

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP1 | EGP |
| Madinet Nasr for Housing and development S.A.E. | 46 203 095 | 43 771 353 |
| Inergia Technologies for Information Systems S.A.E. | 22 690 876 | 19 623 704 |
| | **68 893 971** | **63 395 057** |

## 29. Finance income

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Interest income on bank current accounts | 1 041 915 | 698 201 |
| Credit interest on loans to associates | 10 500 336 | 10 410 377 |
| Credit interest on loans to joint ventures | 2 303 095 | -- |
| Return on treasury bills | 57 746 008 | 59 282 335 |
| | **71 591 354** | **70 390 913** |

## 30. Consulting fees and other expenses

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Bank charge | 33 819 | 17 111 |
| Consulting fees | 3 831 450 | 2 381 621 |
| Travelling expenses for share promotion | -- | 24 682 |
| Insurance expenses | 289 750 | 311 203 |
| Government fees | 533 892 | 600 055 |
| Other expenses | 1 613 498 | 1 482 588 |
| | **6 302 409** | **4 817 260** |

## 31. Investment Manager Fees

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Management fees | 18 612 600 | 18 663 594 |
| Incentive fees | -- | 15 963 754 |
| | **18 612 600** | **34 627 348** |

On 19 July 2017, The Company signed a new management agreement with BPE Partners SAE, the new management agreement became effective on the date of completion of listing the Company's shares on the EGX. The trading on the Company's shares started on March 29, 2018.

Pursuant to the terms of the new management agreement, the management Company is entitled to a management fees of 2% of the Company's paid-up capital up to EGP 600 million and 1.5% of any capital increase (Included share premium) of more than EGP 600 million Up to EGP 1.2 billion and 1% on any capital increase of more than EGP 1.2 billion.

Additionally, the Management Company is entitled to a performance fee, the performance fee will be due to the Management Company only on the exit of investments entered into by the Company. Performance fees for existing investments are accrued for the management Company and calculated as the difference between cash proceeds net of taxes and fees received from the disposal and distribution (dividend, interest, or rent) of the investment and the adjusted cost of the existing investment. The adjusted cost is the historical cost of the investment at an acceptable rate of return on investment (10% annually) for each year following the acquisition date of the investment until the date on which the new management agreement takes effect.
Performance fees on new investments entered into by the Company starting from the date on which the new management agreement takes effect will be 15% of the gain on the investment calculated as the difference between the cash proceeds net of taxes and fees received from the disposal and distribution (dividend, interest, or rent) of the investment and the aggregate cost of such investment.

## 32. Financial instruments and risk management

The Company's financial instruments comprise of financial assets and liabilities. Financial assets comprise cash at banks and treasury bills, balances due on others or related parties. Financial liabilities comprise creditors, certain creditor's, and amounts due to related parties.
The Company is exposed to several financial risks arising from its ongoing activities that may affect the carrying amounts of its financial assets and liabilities as well as the relevant revenues and expenses. The significant risks related to financial instruments and significant policies and procedures adopted by management to minimize the effect of those risks, are summarized below:

### Capital management

The Company manages its capital to ensure that it will be able to continue as going concern, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders.
The Company's management reviews the capital structure of the Company on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

### Categories of financial instruments

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Financial assets** | | |
| Cash at banks | 61 799 285 | 179 256 649 |
| Treasury bills at amortized cost | 318 082 381 | 460 757 645 |
| Financial assets at amortized cost | 147 386 040 | 151 167 731 |
| Financial assets at fair value through OCI | 381 572 723 | 369 915 468 |
| **Financial liabilities** | | |
| Financial liabilities at amortized cost | 9 627 001 | 25 859 896 |

### Financal Risk Mangement Objectives

The Company monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.
The use of financial instruments is governed by the appropriate monetary and credit policies to be approved by the Board of Directors.

**Foreign currency risk**

Foreign currency risk represents fluctuations in exchange rates of foreign currencies, which affects receipts and disbursements in foreign currencies as well as the evaluation of assets and liabilities denominated in foreign currencies. Management monitors the Company's foreign currencies position and the exchange rates declared by banks, and reduces overdrafts in foreign currencies, on an ongoing basis, which reduces this risk to a minimum level.

**Interest rate risk**

Interest rate risk represents the fluctuations in interest rates which may have an impact on the Company's results of operations and cash flows. All financial assets and liabilities are not subject to variable interest rates; thus, the cash flows interest rate risk is considered limited.

**Liquidity risk**

Liquidity risk is represented in inability of the Company to meet its financial liabilities when they become due, which are paid in cash or another financial asset. The company manages financial liquidity to ensure - as much as possible – its possession of sufficient amount of liquidity to meet its liabilities when due in the normal and exceptional circumstances without incurring unacceptable losses, or impact on the Company's reputation.

**Credit risk**

The credit risk is represented in the inability of clients, related parties or other parties, who are granted credit, to pay their dues. The Company studies the credit position before the granting credit, and the Company reviews its due balances, and loans granted to related parties on a regular basis.

The Company reviews this risk and submits on regular base reports to the audit committee for this risk, and the means of facing its impact on the interim financial statements. The maximum credit risk is represented as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | EGP | EGP |
| Cash at banks | 61 799 285 | 179 256 649 |
| Notes receivable | 9 878 603 | 13 631 591 |
| Due from related parties | 120 930 | 2 003 173 |
| Other debit balances | 834 039 | 1 317 692 |
| Treasury bills | 318 082 381 | 460 757 645 |
| Loans to associates and joint ventures entities | 136 152 553 | 134 727 275 |
| | **526 867 791** | **791 694 025** |

**Fair Value measurement**

Fair value measurements recognized in the separate statement of financial position:

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Stages 1 to 3 based on the degree to which the fair value is observable.

– **Stage 1**: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

– **Stage 2**: fair value measurements are those derived from inputs, other than quoted prices included within Stage 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). However, it is not considered quoted prices as that included in stage 1.

– **Stage 3**: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| 2021<br>EGP | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Financial assets at FVTOCI** | | | | |
| Unlisted shares measured at FV | -- | -- | 381 572 723 | 381 572 723 |

| 2020<br>EGP | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Financial assets at FVTOCI** | | | | |
| Unlisted shares measured at FV | -- | -- | 369 915 468 | 369 915 468 |

## 33. Tax position

**Corporate Tax**

The Company is subject to Corporate Income Tax in accordance with the tax Law No. 91 of 2005 and its amendments.

The Company submitted its corporate tax for each year according to the provisions of the Income Tax Law and its amendments since inception date until December 31, 2019 according to the Income Tax Law No. 91 of 2005.

Years 2006/2008:

The Company's books have not been inspected yet and therefore the company tax returns for those years were approved in accordance with the provisions of Law No. 91 of 2005.

Years 2009/2016:

Inspection completed and settlements were made.

Years 2017/2020:

These years were inspected, Part of tax differences was paid and a request will be submitted to the review committee of final submission regarding the residual differences under dispute.

Year 2021:

The Company has not received any notices for income tax inspection till date.

**Salary tax:**

Years 2005 /2018:

Inspection completed and settlements were made.

Year 2019/2021:

The Company has not received any notices for income tax inspection till date.

**Stamp Tax**

From inception till 2021:

The Company has not received any notices for stamp duty inspection.

**Withholding Tax**

The Company deducts the due withholding tax according to the provisions of the Income Tax Law and submits tax returns to the Tax Authority regularly on due dates, taking into consideration that the Company's books have been inspected and no differences were identified.

**34. Dividends distributions**

On March 30, 2021, the Company's board of directors proposed distribution of dividends for the year ended December 31, 2020 to the shareholders by 1.25 L.E. per share and an amount of EGP 3 756 000 to the board of directors' members. On April 29, 2021 the ordinary general assembly meeting of the Company approved the proposed distribution.

**35. Significant Events during the year.**

Most countries of the world, including Egypt, during the year 2021 are still subjected to a state of slowdown and economic downturn as a result of the spread of the new pandemic of the Corona virus (Covid-19). Governments around the world including Egypt have prepared precautionary measures to limit the spread of this pandemic where, as a result, it is expected that the economic and commercial operations of the various economic activities will be affected.

The company has conducted a study for the purpose of evaluating the potential risks and the management evaluation included the following factors:

- The risk of impairment of real estate assets and investment portfolio.
- Risks of not being able to collect debit balances and loans due from debtors and related parties on the maturity date.
- The risk of not being able to pay obligations owed to creditors on maturity.

Risks that may arise from any claims resulting from lawsuits

The management concluded that there is no impact on the company's work that could lead to a decrease in the value of real estate assets and investment portfolio in addition to debit balances and loans due from debtors and related parties, and the company pays all its obligations on the due date as well.

And the continuous and accelerating changes associated with that pandemic still impose a state of uncertainty and the inability to accurately predict due to the continuing economic repercussions of the Coronavirus crisis. The administration closely monitors the situation and adjusts the necessary plans to face these repercussions, by extension, if the situation continues to evolve for a longer period of time.

**36. Events subsequent to the date of the financial statements**

On January 2, 2022, the Board of Directors of Basata Financial Holding Company approved to increase the capital by an amount of 50M EGP, and the share of B Investments Holding Company from that increase amounted to 10 126 000 EGP. This was registered in the investee's commercial register on January 19,2022.

In February 2022, the Russian-Ukrainian conflict erupted. Situations change rapidly resulting in high volatility in all markets. Nevertheless, management is closely monitoring and analyzing market developments in this highly volatile situation. However, it is too early to fully assess the effects of the situation. Despite the current uncertainties, there is currently no indication of a major disruption in the company's business or non-fulfilment of the Group's obligations to its customers, and there are no indications of a material impact on its future operational performance.

On March 21, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the rates of the overnight deposit and lending rates and the price of the main operation of the Central Bank by 100 basis points to 9.25%, 10.25% and 9.75%, respectively. The credit and discount rates were also raised by 100 basis points to reach 9.75%.

On March 30, 2022, the Company's board of directors proposed distribution of dividends for the year ended December 31, 2021, to the shareholders by 50 piasters per share and an amount of EGP 3 660 000 to the board of directors' members.

## 37. Separate financial statements issuance date

The Board of Directors authorized the separate financial statements for the year ended December 31, 2021 for issue on March 30, 2022.