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**Independent Auditor Report on the Future Financial Data included in**  
**the Fair Value Report of the Shares of Al Ezz Flat Steel,**  
**an Egyptian Joint Stock Company**  
**Prepared by the Independent Financial Advisor**

**Messrs. Members of the Board of Directors of Ezz Steel, an Egyptian Joint Stock Company**

Upon the request of the Board of Directors of Ezz Steel, an Egyptian joint stock company, we have implemented the assignment of the limited assurance procedures of the Future Financial Data of Al Ezz Flat Steel, an Egyptian joint stock company, from 1 January 2019 to 31 December 2023, which was prepared by the Company Management and represented in the Stand Alone Income and Financial Statements, as well as the Estimated Cash Flow Statements, assumptions and forecasts for the years/periods from 1 January 2019 to 31 December 2023, included in the Assessment Report of the Fair Value of the Company Share prepared by Grant Thornton Financial Consulting for Marketable Securities Company, dated 27 June 2019 (the Assessment Report of the Fair Value of the Company Share using the discounted cash flow method), attached to this Report, which concluded that the Fair Value of the share is USD10.09.

The purpose of this task is to assist the Board of Directors of Ezz Steel Company in complying with the requirements of the Financial Supervisory Authority and Egyptian Stock Exchange regarding the acquisition by Al Ezz El Dekheila for Steel – Alexandria (an affiliate company) of a portion of up to 56%, supplementing 100% of the shares of the shares of Al Ezz Flat Steel (an affiliate company).

**Responsibilities of the Company Management**

The Management of Al Ezz Flat Steel is responsible for designing, implementing and maintaining adequate records and internal control related to the preparation and presentation of future data, free from any significant and influential distortions, whether caused by fraud or error. This responsibility also includes the selection and application of appropriate accounting policies, making appropriate estimates for the circumstances and the preparation and presentation of the Future Financial Data, which include assumptions, expectations, explanations and methodology. These are based on the Future Financial Data of the Stand Alone Income and Financial Data, as well as the Estimated Cash Flow Statements, assumptions and forecasts for the years/periods from 1 January 2019 to 31 December 2023, included in the

Assessment Report of the Fair Value of the Company Shares prepared by the Independent Financial Advisor.

### Responsibility of the Auditor

Our responsibility is limited to reach an independent conclusion based on our Limited Assurance Procedures, on whether it came to our knowledge what makes us believe that the future data have not been prepared – in all its important aspects – according to the assumptions and methodology used in their preparation.

We have implemented Limited Assurance Procedures in accordance with the Egyptian Assurance Standard No. 3400 "Future Financial Information Test" issued by the Minister of Investment, which requires the adherence to professional ethics, including independence, planning and implementing Limited Assurance Procedures to reach a conclusion on whether the Future Financial Data are known not to be free from errors or material distortions.

### Summary of Implemented Procedures

The Limited Assurance Procedures include making inquiries mainly from the Management of Al Ezz Flat Steel for the preparation of the Future Financial Data, analytical and other evidence-gathering procedures that are limited to those applied in the procedures for obtaining appropriate assurance; therefore, we have received less assurance than would have been obtained from the appropriate assurance procedures, and these include:

- discussing with Company Management on the preparation of the Future Financial Data and the Independent Financial Advisor in the methodology for the preparation of the Future Financial Data;
- understanding how to set up the discount rate used;
- evaluating the appropriateness of the assumptions and forecasts included in the Assessment Report of the Fair Value of the Company Shares in light of the historical growth trends and management plans;
- matching the historical financial data included in the Assessment Report on the Fair Value of the Company Shares, together with the revised financial statements, as in and for the financial years ended 31 December 2015, 2016, 2017 and 2018;
- discussing with the Independent Financial Advisor on the basis of the assumptions and methodology used in the preparation of the Future Financial Data;
- assessing the propriety and accuracy of the Future Financial Data and any calculations included therein; and

- consulting the minutes of the Board of Directors and General Assemblies during the period relating to the Limited Assurance Report.

### **Limitations of reliance on the Future Financial Data**

The Future Financial Data are prepared using a set of assumptions that include theoretical expectations for future events. Therefore, the Management responses cannot be confirmed or investigated to the same extent as historical results. Moreover, future events do not necessarily happen as expected. We, therefore, do not give an opinion in the extent of achievement of assumptions on which the Future Financial Data are based, nor how close the final results, achieved in the future are to the Future Financial Data.

Even if the expected objectives are achieved under the assumptions used, the actual results may differ from the estimates, as the expected events do not often materialize – as assumed – and the difference may be substantial.

We also draw attention to the fact that future data are neither intended nor expected to provide all the necessary information and clarifications for adequate disclosure in accordance with the Egyptian Accounting Standards.

### **Conclusion**

In light of the procedures applied and outlined above, it did not come to our knowledge what makes us believe that the data of the Future Financial Data included in the Assessment Report of the Fair Value of the Company Shares have been prepared in all their important aspects contrary to the principles and assumptions included herein. It also did not come to our knowledge what makes us believe that these foundations and assumptions do not constitute a reasonable basis for the Future Financial Data.

### **Usage of this Report**

This Report has been prepared for submission to the Board of Directors of Ezz Steel, an Egyptian joint stock company, upon its request and for the purpose of assisting the Board of Directors in complying with the requirements of the Financial Supervisory Authority and the Stock Exchange regarding the acquisition by Al Ezz El Dekheila for Steel – Alexandria (an affiliate company) of a portion of up to 56%, supplementing 100% of the shares of Al Ezz Flat Steel. Therefore, it may not be distributed or used for any other purpose other than the abovementioned purpose. We do not accept or take any responsibility for the consequences of using this Report for any other purpose or by anyone or any other body. The reliance on this Report by any third party shall be under its own responsibility.

Cairo on 3 October 2019

**Sherin Murad Noureldin, Accountants & Auditors Register No: 6809**  
**Financial Supervisory Authority Register No. (88)**  
**Moore Stephens Egypt**

**{Translator's Comment: This Document bears the seal of Moore Stephens Egypt, Public Accountants & Consultants, together with a legible signature of Sherin Noureldin. Our reference is: 20191003-Job 00200(1)-Report to the Board of Directors of Ezz Steel-Al Ezz Flat Steel-Moore Stephens Egypt-FCC.}**

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