



النساجون الشرقيون
ORIENTAL WEAVERS

PUSHING THE BORDERS

Annual Report **2021**

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PUSHING THE BORDERS

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FOREWORD



FOREWORD



Dear shareholders,

2021 was an exceptional year for Oriental Weavers. Insurmountable efforts were dedicated to Group-wide improvements, and our performance throughout the year was not impacted by the COVID-19 surge witnessed earlier in the year. Many of our major improvements have come in the form of internal reorganization, operational procedures, and product and process enhancement. We have also invested in capacity expansion activities that allowed us to scale up our manufacturing on local and global scales. This, coupled with improvements across our lines of business that were driven mainly by our woven and tufted segments, continued to drive Oriental Weavers' growth and ambitions.

Despite uncertainty surrounding global textile markets in the wake of COVID-19, we saw a remarkable increase in demand across both our local Egyptian retail market and intercontinental footprint. As a result, we recorded an impressive 20.2% y-o-y growth in revenues at the end of 2021 despite global supply chain disruptions, lead-time delays, and obstructions to many of our seasonal market operations.

Throughout the year, we continued to diversify our local retail presence in Egypt, our highest margin market, by increasing the number of showrooms and physical stores where demand is available. Export sales to the USA, Arab countries, Russia, China, Africa,

and Europe were also subject to exceptional growth. Our dual strengths as local retailers and global exporters allowed us to take on operational obstacles with agility, leaning on our Egyptian market in times of global turbulence, and shifting focus toward distribution activities to weather local volatility.

A cornerstone of our operational vision is a commitment to reduce Oriental Weavers' carbon footprint and champion sustainable manufacturing practices. Our factories work under meticulous directives to minimize production waste. We also regularly partake in initiatives that are launched in Egypt and abroad and are in line with our internal sustainability goals. In 2021, we launched a new product line made entirely from recycled, reused, and traceable materials. We also launched our first fully solar-powered showroom in Alexandria and participated in the UK-based tree planting green initiative. Through the initiative, customers are given the chance to plant a tree for every one meter of carpet they purchase, and I am proud to say that we have set a target of 10,000 trees to be planted by the end of 2022.

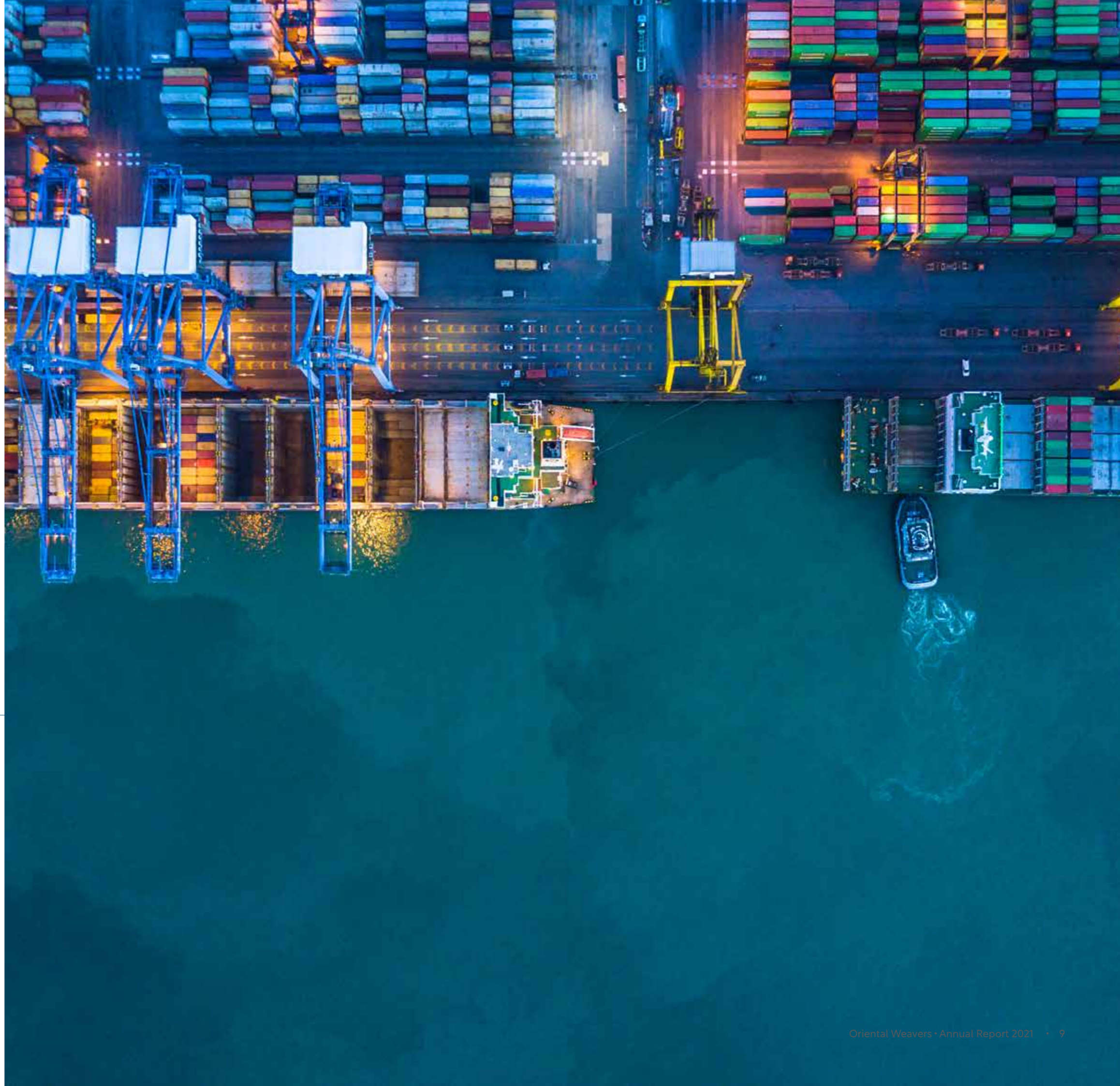
We have started the new year with great vigor and confidence in what 2022 has to offer. This comes on the back of our plans to inaugurate Nefertari, a new machine-woven carpet factory and our first ever manufacturing

facility bearing a female name. However, with the conflict in Ukraine resulting in inevitable fluctuation in oil prices, we maintain a cautious stance on unnecessary expenditure, and we will look to innovate from within the Group as we navigate the year. Moving forward, we hope to continue expanding on existing business opportunities, while simultaneously exploring all available avenues for generative, integrated expansion across our verticals.

In closing, I would like to express my gratitude for the hard work and diligence of our employees, partners, and board members. Our shared vision and path forward grow evermore promising with the value you bring to Oriental Weavers every day. Thank you for an exceptional year.

Yasmine Khamis
Chair

AT A GLANCE



ABOUT ORIENTAL WEAVERS

Oriental Weavers continues to lead the region with innovation and diversity across its operations, continuously expanding its capacities to tailor to the ever-growing demand for rugs and carpets in regional and global markets

Oriental Weavers is recognized for the impeccable designs, superior quality, and innovation of its products, and it has become a worldwide exporter and a major player in the Egyptian textiles industry.

Oriental Weavers, the region's flagship rugs and carpets manufacturer, was founded in 1979 by the late industrialist and entrepreneur Mohamed Farid Khamis. Throughout its decades of operations, Oriental Weavers has relentlessly worked its way to becoming the world's largest manufacturer of machine-woven carpets, and a global leader in tufted and jet-printed rugs and carpets. The company continues to expand on its product offerings with an eye to providing customers with the finest textile products at competitive price points. Today, Oriental Weavers is extensively recognized for the impeccable designs, superior quality, and innovation of its products, and it has become a worldwide exporter and a major player in the Egyptian textiles industry.

Oriental Weavers' Subsidiaries

Oriental Weavers was established as part of the Oriental Group, and it has rapidly grown to become a constituent element to the Group's consolidated growth. The majority of Oriental Weavers' raw materials are sourced in-house through its prominent subsidiaries and sister companies, enabling the company to reap the benefits of the complete vertical integration across its value chain.

At present, Oriental Weavers' portfolio houses seven subsidiaries, with its operational footprint spanning over local, regional, and international markets.

1st

Global producer by volume

130

Export countries

254

Showrooms in Egypt

The Woven Segment

Oriental Weavers' woven manufacturing processes encompass the production of three grades of machine-woven rugs and carpets. During the weaving process, surface yarn is inserted and intertwined with backing yarn, comprising of jute weft threads and warp threads. Five of Oriental Weavers' subsidiaries operate in the manufacturing of woven textile products, three of which operate in the local market, in addition to one in the USA and one operating in China.

Oriental Weavers International

Established in 1998 as an export-focused free-trade company, Oriental Weavers International (OWI)'s production facilities are dedicated to handling the extrusion of synthetic fibers, the dyeing and spinning of wool, and the finishing of woven carpets and rugs. OWI's wide array of commercial and residential carpets, rugs, and upholstery is exported to high-demand markets, such as North and South America, Europe, the Middle East, Asia, and Australia. To further expand its operational footprint and manufacturing capacities, the company established a high-tech yarn production facility in 2014, with a record-high capacity of 100 tons per day. Additionally, OWI's supermajority stake of 79% in China's Oriental Weavers Tianjin enables the company to leverage its innovative product offerings and extensive industry expertise to capture a larger market share in emerging Asian markets.

Oriental Weavers Textiles

Oriental Weavers Textiles was established in 2005 as another export-centric subsidiary to Oriental Weavers' portfolio. Situated in a free-zone area with a large parcel of land, the company is perfectly positioned to allocate its resources to lucratively serve Oriental Weavers' future expansion plans in the woven textiles segment. As such, Oriental Weavers Textiles

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Export continents

has undergone the process of converting its land, housing a new manufacturing plant, and adding 11 state-of-the-art production looms, with an eye to bolstering its operational efficiency and production volumes.

Oriental Weavers USA

Situated in Dalton, Georgia, Oriental Weavers USA was launched in 1993 as Oriental Weavers' arm in the USA. The company markets and distributes woven carpets and rugs that are produced in OW's local market of Egypt, and other Asian countries, to mass market merchants and megastores. Additionally, Oriental Weavers USA serves retailers and department stores, alongside taking its products to the digital sphere, with the company showcasing its products on online furniture marketplaces, such as Target, Kohl's, Amazon, Wayfair, and Rugs Direct.

Oriental Weavers Tianjin Company Ltd., China

Oriental Weavers China was established in 2006 with an eye to capturing the rapidly growing demand for woven carpets and rugs in China and neighboring East Asian countries. At present, Oriental Weavers China's fiber extrusion and woven production facilities extend over 140,000 m² of land in Tianjin's industrial zone.

The Tufted Segment

In the tufting manufacturing process, fibers such as yarn are first inserted and pulled through the primary backing fabric, holding the fibers in place. After carpet design and printing are done, an anchor coating of adhesive is applied to further hold the tufts in place, and a secondary backing cloth is then added. As of year-end 2021, there are two subsidiaries that operate in the tufted segment in Oriental Weavers' local market of Egypt: MAC Carpet and its private free-zone subsidiary, New MAC.

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Distribution offices

MAC Carpet (Fiber Factory)

Established in 1981, MAC Carpet (Fiber Factory) is Oriental Weavers' arm operating in the tufted carpeting segment and a leading Egyptian exporter to more than 100 countries, supplying a multitude of big-box retailers across the world. The company manages four manufacturing sites in Egypt, with a diverse portfolio ranging from wall-to-wall carpeting and door and kitchen rugs to rubber backed bathroom mats, multilevel textured mats, car mats, children's rugs, and much more. MAC Carpet also produces three-dimensional advertising floor panels, runners, and artificial turf for indoor and outdoor purposes. In line with its plans to further build on the success of its product offerings, MAC Carpet began broadening its portfolio in 2018 to house more products that are highly demanded in key markets. Later in 2019, the company took on new bespoke ultrasonic cutting machinery, breaking ground for Oriental Weavers' entry into the carpet tiles segment.

The company owns a 98% stake in its subsidiary, New MAC, a tufted manufacturing facility operating in a free-zone area in Egypt.

The Non-Woven Segment

The processes of manufacturing carpets out of non-woven materials include the use of chemical and thermal treatments to bond fibers together. At present, the Egyptian Fibers Company (EFCO) is the Group's sole manufacturer of non-woven carpets and rugs that has worked its way to becoming a leading producer in its markets of operations.

Egyptian Fibers Company

Established in 1978 as an integral part of the Oriental Weavers Group, the Egyptian Fibers Company (EFCO) exports its products to over 67 countries across the globe. In line with the highest environmental and quality management standards, EFCO leverages its highly-advanced machinery for the production of the master batch, polypropylene staple fiber, and needle felt carpets. This includes wall-to-wall carpeting of various weights with customized widths; indoor and outdoor rugs; patterned, printed, engraved, and embossed mats; underlay rolls and rug pads; car mats; and bathmats.

Our Mission and Vision

Oriental Weavers' comprehensive suite of innovative and affordable offerings has cemented the company's leading position in the machine-made area rugs industry on a global scale. The company strongly focuses on ensuring that clients are provided with products of unmatched quality, prompt delivery, and competitive prices.



Our Mission

Enriching people's lives through innovative, sustainable, and value-driven rugs and carpets crafted by passionate and creative minds.



Our Vision

Sustaining our position as an industrial trend-setter and the world's market leader of rugs and carpets, spreading happiness and warmth to every room in the world.

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Production facilities

Our Geographical Footprint

Alongside strengthening its leading position in the local Egyptian market, Oriental Weavers continues to expand its regional and global presence. At present, Oriental Weavers exports approximately 68% of its production to over 130 countries worldwide.

92.6 MNm²

Exported volumes in 2021

Our Production Facilities

The Group's extensive production capabilities enable it to adapt quickly and effectively to changes in different market conditions, ultimately bolstering operational efficiency across its footprint. Through its manufacturing facilities and warehouses in Egypt, China, and the USA, Oriental Weavers produces an aggregate of over four million copyrighted designs by leveraging its robust, vertically integrated business model to manage and control the entire production process.

17 K+

Employees

240+

Manufacturing looms



**2021
HIGHLIGHTS**



2021 HIGHLIGHTS

Oriental Weavers' business strategies continued to bear fruit in 2021, with multiple essential operational and ESG-centric milestones achieved during the year

Operational Highlights



Exceptional financial performance

Revenues reached a record high of EGP 11.4 billion in FY2021, with demand for Oriental Weavers' products positively impacted by a boom in home and space renovations. The Group's global markets witnessed an especially remarkable rise due to its growing popularity, with supply to local markets also expanding to meet increasing demand.



A showroom in the USA

New York is now home to the Oriental Weavers showroom in the USA. The showroom now serves as a gateway to capturing larger market segments through one of the country's liveliest states. The USA market has played a substantial role in increasing the Group's woven segment's revenues in FY2021 due to an increase in demand for its products during the year.



Capacities expand for artificial grass

MAC, Oriental Weavers' tufted arm, has expanded its manufacturing capacity of artificial grass this year in response to high local and global demand. More affordable than real grass, the product also serves as an eco-conscious alternative and requires less to no maintenance. Seeing the potential of this promising product, MAC now has four new machines that are dedicated to its production.

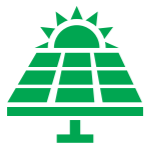


R&D grows at EFCO

Keeping innovation at the center of its efforts, EFCO—the Group's non-woven arm—increased its research and development capacities in 2021. This led to multiple improvements across its operations, including the release of more innovative designs and adherence to prompt order delivery. Customer loyalty has since been on the rise at the company, and EFCO aims to sustain this by further bolstering its R&D capacities and consistently exceeding customer expectations.



ESG Highlights



A solar energy debut

In 2021, and moving toward the use of clean energy, Oriental Weavers began the process of inaugurating its first-ever solar plant in Alexandria. The plant operates at a capacity of 259 KWh and is expected to generate over 520 MWh and eliminate up to 262 tons of CO² emissions every year. The Group also introduced outdoor solar-powered lighting to some of its production facilities during the year.



EFCO: Greener every day

EFCO has eliminated the use of all hazardous chemicals from its production processes in 2021. It also now manufactures 80% of its products from recycled polyester and aims to transition the remaining 20% of its portfolio in the near future. Furthermore, and as part of its green manufacturing practices, the company packages its products in recycled plastics and carton.



Energy-saving on the rise

Prioritizing resource efficiency, Oriental Weavers invested a total of USD 897K in 2021 across multiple energy saving projects. Next to generating up to 15K MWh in electricity savings, the projects led to a reduction of over 7.5K tons in CO² emissions during the year. The Group also conserved 8K m³ and recycled over 12K m³ of water through its disruptive water-free textile dyeing technologies in 2021.



Planting trees in Egypt and the UK

In its local market, Oriental Weavers has collaborated with its real estate arm to launch a tree planting initiative, with the goal to plant a total of one million trees by the end of 2025. So far, Oriental Weavers has successfully planted around 403K trees, leading to an annual carbon footprint reduction of over 20.7K tons.

Internationally, the Group's hospitality arm has joined a UK-based initiative that gives customers the opportunity to plant a tree with every meter of carpet they purchase. This initiative aims to contribute to the planting of 10K trees by the end of 2022.

**BUSINESS
STRATEGY**



FOUR DECADES OF EXCELLENCE

Oriental Weavers' strategies are at the core of the company's success, ensuring that resources are efficiently allocated to create sustainable value and generate great returns for all stakeholders

Oriental Weavers' strategic development takes on a stakeholder-centric approach, delivering sustainable value through its vertically integrated business models and innovative product offerings.

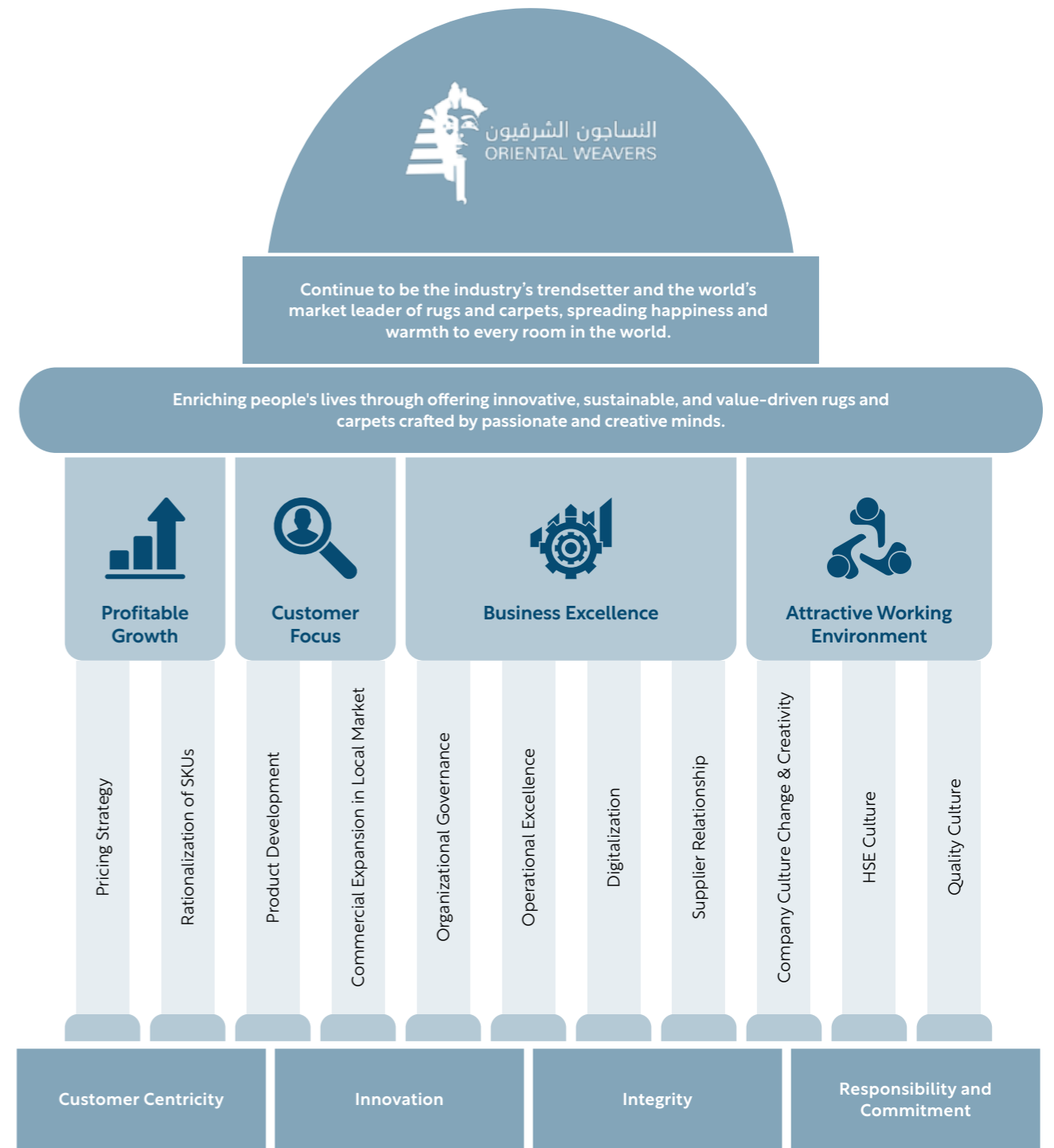
Oriental Weavers' strategies were developed with an eye for accelerating the growth of its operations. The company's strategic development takes on a stakeholder-centric approach, delivering sustainable value through its vertically integrated business models and innovative product offerings. The company implements its strategy through key directions that include profitable growth, customer focus, business excellence, and an attractive working environment. Through these directions, Oriental Weavers continues to penetrate new markets, develop existing product offerings, and enhance operational efficiency across production facilities.

Profitable Growth

One of Oriental Weavers' strategic directions is to continue on its growth trajectory across its regional and global footprints. The company manufactures a myriad of innovative textile products that not only capture larger market shares but also generate lucrative returns for shareholders and other stakeholders alike.

Pricing Strategy

Oriental Weavers' pricing strategy plays a pivotal role in maximizing profitability, achieving healthy liquidity positions, penetrating new markets, increasing local and global market shares, and surpassing competition. As pricing strongly affects how manufactured goods are received by markets, the company's main





objective is to create high-profit margin products with superior quality at competitive prices that serve the ever-growing interests and needs of customers. Additionally, Oriental Weavers places a strong value on ESG standards across its operational capacities, adopting a multitude of energy saving projects that create long-term value to its stakeholders.

SKU Rationalization

SKU rationalization aims to measure the value and lucrativeness of stocked products by leveraging key metrics, such as inventory and storing costs, supplier costs, and historical data, to determine whether the inventory of finished goods and raw materials should be eliminated. The company's strategy to reduce product offerings aims to streamline manufacturing processes, lower unit costs, enhance material management capacities, and increase purchasing economies of scale. Oriental Weavers' efficient rationalization of its SKUs was also implemented with an eye to enhancing manufacturing efficiency, simplifying supply chain management processes, freeing up valuable resources, enhancing product quality, and generating a healthier return on assets.

Customer Focus

As one of the world's largest machine-made rug and carpet manufacturers, Oriental

Weavers has been serving its roster of clients for over 40 years. To create an effective customer-centric strategy, Oriental Weavers consistently prioritizes the needs of its clientele by focusing on critical aspects, such as product development and commercial expansions in the company's local market of Egypt.

Product Development

As part and parcel of the company's product development functions, Oriental Weavers continues to heavily invest in state-of-the-art machinery and looms that best serve dynamic market trends. Additionally, its substantial in-house R&D capabilities aim to bolster product development, paving the way for the company to create, design, and market unrivaled product offerings.

Commercial Expansions in the Local Market

With a lion's share of around 80% in the Egyptian market, Oriental Weavers aims to sustain its position as the country's leading carpet and rug manufacturer of choice. The company aims to continue expanding its presence by establishing more showrooms to increase customer accessibility. Another constituent element of the company's domestic expansion plan is to increase its sales channels by forming lucrative partnerships with big-box furniture retailers and wholesalers.

Additionally, the substantial change in consumer behavior toward online shopping has grown significantly on the back of the onset of COVID-19. This has strongly motivated Oriental Weavers to invest heavily in bringing its operations to the digital sphere. The company has since altered its strategy to better serve online customers, expanding its digital presence by featuring its products across multiple e-commerce platforms. These efforts not only satisfy customers but also bolster the value and volume of sales while generating high profitability.

Business Excellence

As a global and regional pioneer in the carpet and rugs industry, business excellence is a key strategic direction for Oriental Weavers. The company continuously strengthens its systems and practices to enhance efficiencies, bolster performance, and create sustainable value for stakeholders.

Organizational Governance

Oriental Weavers aims to maintain the cohesion of the organization by implementing the best ethical business practices. The main features falling under Oriental Weavers' governance framework include operational disclosures and transparency, personnel accountability, stakeholder value maximization, sustainability and environmental governance,

compliance and internal controls, shareholders' rights protection, and work environment regulations. With this framework, Oriental Weavers continues to build an environment of responsibility, transparency, and trust, which is essential for cultivating long-term investment, financial stability, and business growth.

Operational Excellence

The philosophy behind operational excellence is based on optimizing internal processes to eliminate waste in order to reduce operating costs and enable the organization to compete in local and global markets with profitable growth. Oriental Weavers' operational excellence strategy includes the introduction of lean manufacturing techniques and tools as a model of waste elimination and value maximization. The company also focuses on improving functions, systems, processes, and personnel. To define the best practices, establish room for improvement, and inspire competition across the Group, Oriental Weavers has created an internal benchmarking process between the company and its subsidiaries and factories. Additionally, and to ensure the company is also delivering a solid performance across its global footprint, Oriental Weavers has created an external benchmarking process with multinationals and global organizations.

Digital Transformation

With the onset of COVID-19, an organization's ability to adapt to market volatilities, supply chain disruptions, and changes in customer demand has become fundamental. As such, Oriental Weavers has undergone the extensive process of integrating digital technology across the company's different departments and functions and refurbishing its operational business models. The company's System Applications and Products (SAP) system aims to create a digital platform that increases data accessibility and facilitates the mobility of information across the production cycle, ultimately bolstering business processes and operational agility.

Supplier Relationships

Oriental Weavers aims to fortify its long-term relationships with suppliers through a systematic supply relationship management (SRM) approach that monitors and evaluates the vendors that supply goods and raw materials to the company. By doing so, it can efficiently determine which suppliers are critical, each supplier's contribution to the company, and the strategies needed to improve their performance if necessary. Implementing the SRM approach across Oriental Weavers' supply chain helps optimize the entire business value chain to extend far beyond immediate supplier impact. Additionally, it enables the company to secure the consistent and timely supply of raw materials at the highest quality levels and at competitive prices.

Attractive Working Environment

Oriental Weavers strongly believes that people are the main contributors to the success of any organization. One of the company's longstanding missions has been the creation of an energetic and passionate working environment that fosters creativity, innovation, and diversity. This not only enables teams to work to the best of their capabilities but also plays a pivotal role in bolstering the company's efficiency and productivity.

Cultural Change and Creativity

Oriental Weavers aims to improve its working environment through increasing employee satisfaction, which is measured by the company's turnover rates. The company aims to become the employer of choice by continuously creating value in the workplace, giving employees a shared sense of commitment, and offering employees the right prospects to make a difference through their work.

HSE Culture

Health, Safety, and Environment (HSE) encompasses a roster of tools, systems, and procedures that aim to identify potential workplace hazards, develop the best practices to minimize and eliminate those hazards, and educate employees on accident response and prevention. This includes fire-fighting and first aid training, the provision of emergency phone numbers for hospitals, and educating employees on the necessary on-site HSE training in case of any occupational accidents. Additionally, HSE also includes determining and analyzing potential risks or dangers arising from inside the organization and from external stakeholders.

Quality Culture

At Oriental Weavers, quality culture development is a vital factor in creating an attractive working environment for employees. It extends far beyond traditional quality management tools, playing a pivotal role in promoting products in new and existing markets. The company's quality culture development philosophy aims to alter the organization's overall perception to one that thinks about quality as a lifestyle and to create an environment that encourages employees to prioritize quality across all their actions. The company achieves this through enhancing quality skills across the workforce, embedding quality control functions and steps across all processes and systems, and maintaining solid relationships across its value chain.



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

Oriental Weavers recorded stellar results for the year, with revenues ramping up to reach a new high of EGP 11.4 billion

Oriental Weavers' flexible business models enabled the company to withstand unprecedented market challenges and effectively capture a large share of the substantial growth in demand witnessed in both export and domestic carpet markets.

11.4 EGP BN

Consolidated revenues

1.8 EGP BN

Gross profit

1.2 EGP BN

Net profit

Overall Financial Performance

Strong Top-Line Growth

2021 was an exceptional year for Oriental Weavers, with the company successfully capturing the upside of the significant recovery in global and local markets and delivering an impressive performance across its core operations. By the end of the year, the company recorded total revenues amounting to EGP 11.4 billion, reflecting a y-o-y climb of 20.2% from the EGP 9.5 billion registered at year-end 2020. The increase in revenues was primarily driven by Oriental Weavers' flexible business models that enabled the company to withstand unprecedented market challenges and effectively capture a large share of the substantial growth in demand witnessed in both export and domestic carpet markets.

Healthy Profitability Margins

Gross Profit

In 2021, Oriental Weavers recorded a consolidated gross profit of EGP 1.8 billion, reflecting an increase of 40.2% y-o-y from EGP 1.3 billion

Revenue
EGP billion
y-o-y % change: 20.2%



Net Profit
EGP billion
y-o-y % change: 8.9%



Operating Profit
EGP billion
y-o-y % change: 56.6%



Gross Profit
EGP billion
y-o-y % change: 40.2%



recorded at year-end 2020, on the back of the significant increase in revenues for the year. As a result, the gross profit margin increased by 229 basis points to reach 16.1% up from 13.8% in 2020, reflecting the company's strength in effectively managing costs despite the substantial rise in prices of raw materials. In 2021 specifically, raw materials such as polypropylene recorded a price y-o-y increase of 40.7%, reaching a yearly average of USD 1.5K/ton against the yearly average of USD 1K/ton recorded at the end of 2020.

Operating Profit

Oriental Weavers' net operating income for the year climbed by 56.6% y-o-y, to record EGP 1.3 billion at the end of 2021, up from EGP 840 million at year-end 2020. On the margin level, the company's operating profit margin recorded a y-o-y growth of 268 basis points to reach 11.5%, up from the 8.9% margin recorded in the previous year.

Interest Income

Oriental Weavers' interest income increased by 20% y-o-y to reach EGP 184 million by the end of 2021, from the EGP 153 million recorded in the previous year. The company's incurred interest expenses for the year stood at EGP

197 million, up by 89% y-o-y from the interest expenses of EGP 104 million in 2020. As a result of the increase in expenses, which was driven by the capacity increase of 3% and the increase in capital expenditure for the year, the net interest loss for the year stood at EGP 13.3 million, in comparison to the net interest income of EGP 49 million booked at year-end 2020.

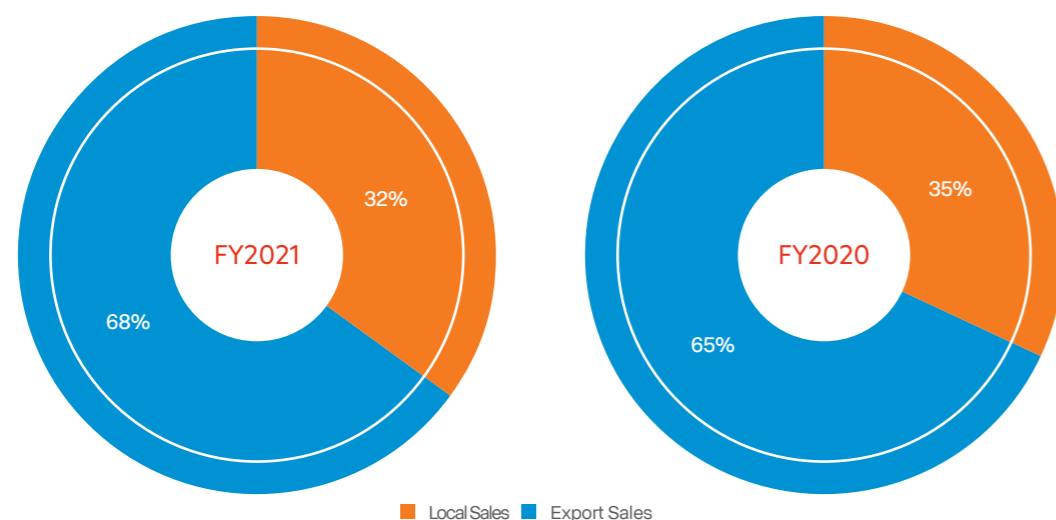
Net Profit

On a bottom-line basis, the company's net income for the year stood at a record-breaking EGP 1.2 billion, recording a y-o-y increase of 8.9% from the EGP 1.1 billion recorded in the previous year. On a margin basis, Oriental Weavers registered a net income margin of 10.6%, reflecting a drop of 111 basis points from the 11.7% net income margin at year-end 2020, which came in the hands of the lower export rebates collected during the year.

Performance in Egypt

On the domestic front, Oriental Weavers was able to sustain the lion's share in the Egyptian carpet market, with total local revenues growing by 10.4% y-o-y in 2021 to record EGP 3.7 billion versus EGP 3.3 billion at year-end 2020. The

Revenue Contribution (Local Sales vs. Export Sales)



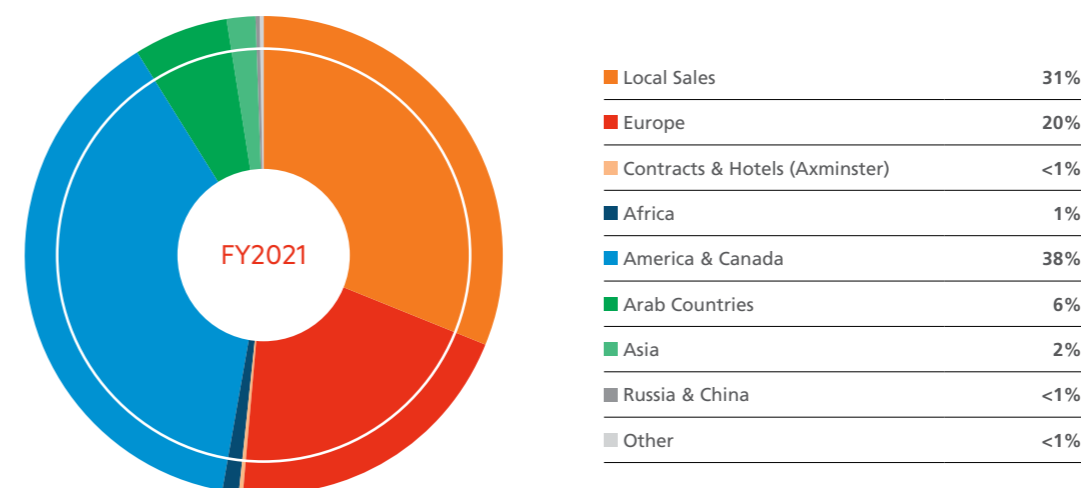
company's local sales, representing approximately 32% of the company's consolidated top-line, stem from retail outlets and showrooms, wholesalers, the public sector, and contracts and hotels. Retail outlets and showrooms, representing 55% of total domestic sales, grew by 5% y-o-y to record a revenue of EGP 2 billion in 2021 against the EGP 1.9 billion recorded in the previous year. The wholesale sector, which contributed 41% to total local sales in 2021, came in at second place, recording a revenue y-o-y increase of 18%. By the end of the year, revenues from the wholesale sector stood at EGP 1.5 billion compared to the EGP 1.3 billion booked one year previously. Parallel to brick-and-mortar sales, Oriental Weavers' presence in the digital sphere continues to grow rapidly, with the company's products available for purchase on prominent digital marketplaces, such as Carpets Online (<https://carpetsonline.com/>), Jumia, Souq, Homzmart, Manzzeli, Efreshli, FactoryToMe, and most recently Amazon. At present, online sales represent less than 1% of total domestic sales.

In 2021, online sales in the domestic market recorded EGP 1.6 million, reflecting an increase of 68.4% from EGP 950k in 2020.

Regional and Global Performance

Revenues across Oriental Weavers' export markets increased significantly on the back of the relaxation of restrictions, re-openings of businesses, and mass rollouts of COVID-19 vaccines, which led to a remarkable pickup in demand levels across the world. While lockdowns were occasionally imposed throughout the year to curb the spread of the virus, the increasing level of home renovations increased as people spent more time at home and continued to look for innovative and luxurious floor coverings for residential purposes. In line with this, Oriental Weavers began aggressively implementing strategies to bolster its sales, develop its product offering, and enhance operational

Revenue Contribution by Region



capacities across its footprint. These strategies reaped significant benefits to the company, with export revenues ramping up by 26% y-o-y to register EGP 7.7 billion by the end of 2021, up from the EGP 6.2 billion recorded in 2020.

In the USA and Canada, sales through the company's wholly-owned subsidiary, Oriental Weavers USA, and its direct exports from Egypt, recorded EGP 4.3 billion at year-end 2021, reflecting a y-o-y increase of 11% from EGP 3.9 billion in 2020. The USA and Canada were the largest contributors to Oriental Weavers' export sales, with a contribution of 38%, as the company continued to expand its client base and bolster its digital presence across both countries. Throughout the year, regional retail and online sales witnessed a significant climb, with the US population making the largest number of online purchases.

In Europe, export revenues climbed by 38% y-o-y to stand at EGP 2.3 billion in 2021, up from

the EGP 1.6 billion recorded at year-end 2020. The sales generated from Oriental Weavers' exports to major European countries, such as Germany, France, Poland, and the UK, contributed 20% to the company's total sales, coming in second after the USA and Canada.

Oriental Weavers' exports to African countries, including Libya and Tunis, also witnessed significant growth during 2021. By the end of the year, African export revenues had grown to record EGP 132 million, reflecting a remarkable 52% y-o-y increase from the EGP 86.2 million registered in the previous year. Additionally, the company's exports to Arab countries, such as Saudi Arabia (KSA) and the United Arab Emirates (UAE), recorded a two-fold increase in revenues to reach EGP 694.8 million, up from the EGP 296.8 million registered in 2020. Oriental Weavers continues to expand on its geographical footprint in the MENA region, with a strong focus on promising countries that include the UAE, Jordan, Kuwait, and Algeria.

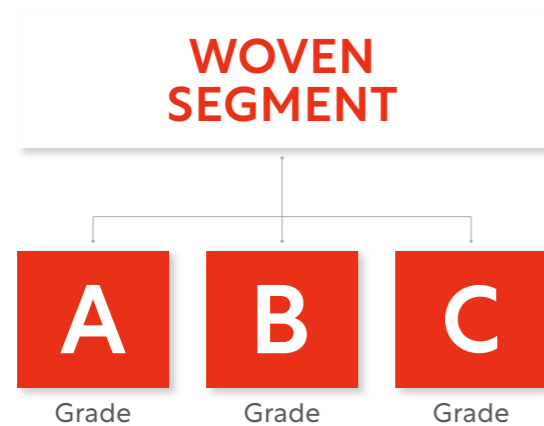
LINES OF BUSINESS



WOVEN SEGMENT

Oriental Weavers' woven segment led the company's success in FY2021, with a 76% contribution to consolidated revenues

Oriental Weavers' woven division manufactures and sells machine-made area rugs domestically and internationally through state-of-the-art facilities located in Egypt, the USA, and China. The division's products come in A, B, or C grades, with all three steadily growing their revenues in FY2021.



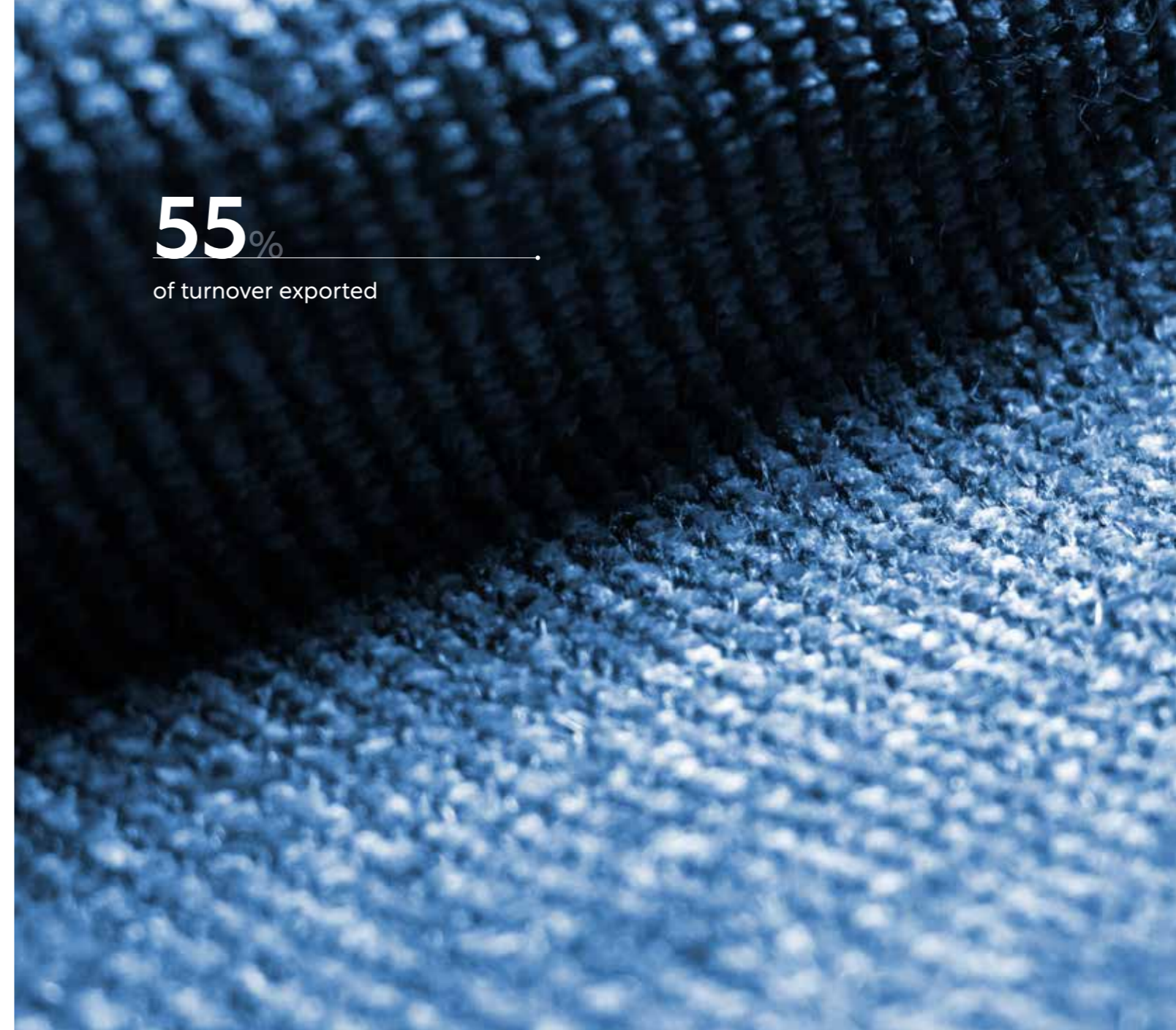
8.7 EGP BN

Total woven revenues in FY2021 (+19.8% y-o-y)

2021 Highlights for Woven's Grades

The woven division was once again at the forefront of Oriental Weavers' segmental performance. The segment witnessed a substantial increase in revenues this year, primarily driven by the high demand witnessed in global export markets. Despite the global hike in raw material prices and the supply chain disruptions witnessed during the year, Oriental Weavers strived to bolster its operational capacities and woven offerings regionally and internationally.

In 2021 specifically, the woven segment booked total volumes of 77.1 million sqm, up by 15.7% y-o-y from 66.6 million sqm in 2020. This is a testament to the company's successful business strategies and an ability to effectively manage costs while maintaining healthy margins across its operational footprint.



55%
of turnover exported

45
Dedicated designers

15
Design companies worldwide

500
Local industrial designs and yarn patents

>2.5 MN
Designs

1 EGP
BN

Woven Grade A revenues in FY2021
(+6.5% y-o-y)

Woven Grade A

Grade A's domestic revenues grew by 12.4% y-o-y to EGP 689.4 million, and export reflected a slight decline of 4% y-o-y to EGP 333.1 million. Total volumes manufactured and sold both domestically

and internationally recorded 4.1 million sqm at the end of 2021, down from the 5.2 million sqm recorded in 2020. At the end of the year, the grade's contribution to total revenues stood at 9%.

3.9 EGP
BN

Woven Grade B revenues in FY2021
(+41.2% y-o-y)

Woven Grade B

In the Egyptian market, Grade B revenues were stable at EGP 1.2 billion in FY2021, up 15.1% from the EGP 1 billion in FY2020. Volumes sold to the domestic market came in at 6.6 million sqm during the year, 1.9% down from 6.7 million sqm at year-end 2020. This was driven by the general shift in consumer shopping behavior and dynamics, as the year saw local clients purchasing more high-end, high-margin products. All in all, despite the fall in sold volumes, a value-driven recovery was witnessed during the year.

On the global front, export revenues recorded an impressive EGP 2.7 billion at the end of 2021, up by a solid 53.2% y-o-y. This naturally meant that export volumes also witnessed a significant climb, up 54.9% from 16.9 million sqm in 2020 to 26.2 million sqm in 2021. At the end of the year, the woven Grade B's contribution to Oriental Weavers' consolidated revenues came in at a strong 34%.

1.8 EGP
BN

Woven Grade C revenues in FY2021
(+8.2% y-o-y)

Woven Grade C

Sales from Grade C in the local market marginally declined, dropping by 5.2% to EGP 1.1 billion in FY2021, with volumes decreasing by 8.5% to 15.6 million sqm in FY2021, on the back of the higher demand witnessed for more luxurious categories. On the global front, both revenues and volumes recorded

strong numbers, with the grade's top-line climbing by 40.6% to EGP 678.8 million, up from EGP 483 million in FY2020. Volumes grew by 27.8% to 10 million sqm in FY2021, up from 7.8 million sqm in FY2020. By the end of the year, Grade C had contributed 16% to the company's consolidated revenues.

Woven's Global Footprint

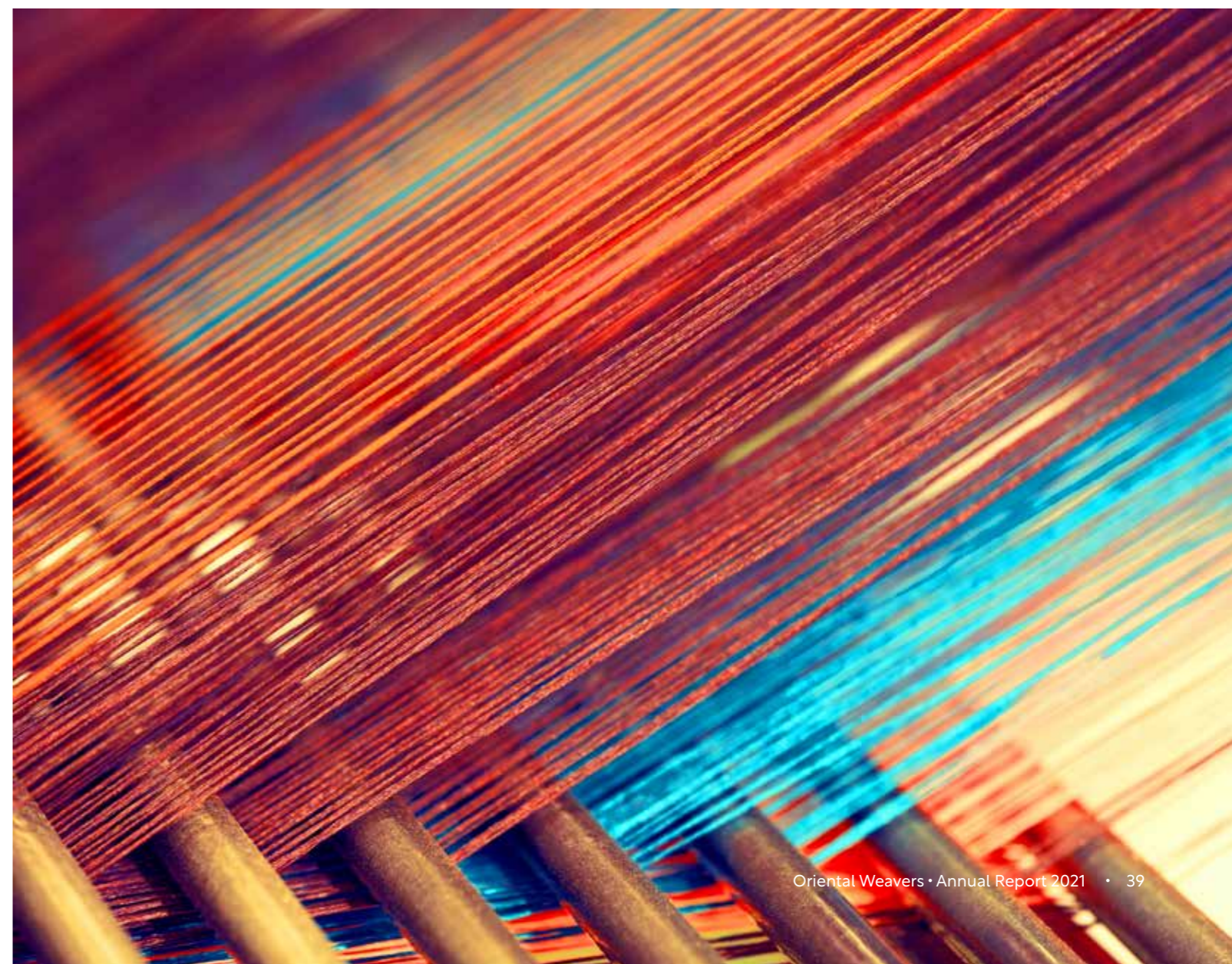
Oriental Weavers USA

Oriental Weavers USA distributes woven carpets and rugs to mass market merchants, retailers, and megastores in the United States. In 2021, revenues generated by Oriental Weavers USA in its local market represented 17% of Oriental Weavers' total sales.

2021 Highlights

In FY2021, Oriental Weavers USA's volumes increased by 12.4% y-o-y to 14.4 million sqm, up from 12.9 million sqm in FY2020. Despite the growth in volumes sold and the strong market demand, the US arm recorded a slight revenue increase of 4.5%, primarily due to the impact of the global supply-chain issues that began to arise particularly in the second half of the year. Consequently, Oriental Weavers maintained a total revenue of EGP 1.9 billion at the end of 2021.

Throughout 2020 and 2021, the US market witnessed a substantial pickup in demand, particularly following the onset of COVID-19. Working from home was becoming more common, which led more people to refurbish their homes with new furniture and home decor accessories.



TUFTED SEGMENT

2021 was exceptional for Oriental Weavers' tufted segment on all fronts, with MAC's revenues recording double-digit y-o-y growth to EGP 2.1 billion

Boasting a remarkable track record of 40 years, MAC produces a wide range of tufted products, exporting over 85% of its product turnover to over 130 countries around the world.

Oriental Weavers' Tufted division manufactures and distributes a diversified product mix, ranging from wall-to-wall and area carpets and rugs to doormats, kitchen rugs, bathroom mats, children's rugs, and artificial turf. Throughout the years, the segment has grown to become a primary constituent of the company's overall success. MAC, Oriental Weavers' sole tufted arm, is a leading regional printed carpets and rugs manufacturer. Boasting a remarkable track record of 40 years, the company produces a wide range of tufted products, exporting over 85% of its product turnover to over 130 countries around the world. MAC is also known as a third-party manufacturer to some of the world's most renowned brands, such as IKEA and Walmart.

16

Dedicated designers

85%

of turnover exported



2.1^{EGP}_{BN}

Total tufted revenues in FY2021 (+17.4% y-o-y)

2021 Highlights

Despite economic pressures and market instabilities prompted by COVID-19, demand for home furnishings continued to rise at break-neck speed, as working from home started to become a long-term solution. In efforts to further

bolster its position in the market, MAC kicked off its three-year expansion plan, investing in highly advanced machinery that broadened its operational scope to house digital printing.

As a result, MAC recorded a 17.4% y-o-y increase in total revenues to EGP 2.1 billion in FY2021, with total volumes coming in at 41,719 sqm, up 17.9% y-o-y from 35,400 sqm in FY2020. The significant growth in revenues and volumes sold was primarily driven by MAC's performance on the export front.

The tufted segment sustained its position as the second highest contributor to Oriental Weavers' consolidated revenues in 2021, standing at 19%.

1.7 EGP
BN

Total sales from tufted pieces in FY2021 (+12.4% y-o-y)

MAC – Tufted Pieces

Tufted pieces performed admirably in the local market during the year, with revenues ramping up by 37.8% to reach EGP 264.8 million versus EGP 192.2 million in FY2020. The hike in revenues came on the back of the proceeds from supplying big-box retailer Carrefour, in addition to the expansions of MAC's distribution channels during the year. On a volume basis, MAC registered 4,474 sqm in 2021, a 27.9% y-o-y increase.

Internationally, tufted pieces continued to capture a large share of demand in key export countries, such as the USA, with revenues coming in at EGP 1.5 billion in FY2021, reflecting an 8.9% y-o-y climb. Export volumes witnessed a 9.7% y-o-y hike to 29,182 sqm, against 26,594 sqm in FY2020. At year-end 2021, sales generated from tufted pieces recorded a 16% contribution to the Group's consolidated top-line.

362.1 EGP
MN

Total sales from wall-to-wall carpeting in FY2021 (+49.9% y-o-y)

MAC – Wall-to-Wall Tufted

Shedding light on the product's performance in the domestic market this year, MAC recorded a total revenue of EGP 153.6 million, a 16.3% climb compared to EGP 132 million in FY2020. Sales volume in the Egyptian market also increased by 18.2% y-o-y to 2,104 sqm in FY2021, versus 1,780 sqm in FY2020. On the exports side, sales and volumes both ramped up significantly in FY2021, with

sales surging by 90.3% y-o-y to EGP 208.5 million, and volumes exported rose by 68.9% y-o-y to 5,959 sqm. All in all, MAC's wall-to-wall carpeting products contributed 3% to Oriental Weavers' consolidated revenues by the end of 2021.



NON-WOVEN SEGMENT

Revenues from Oriental Weavers' non-woven segment continued to grow at a solid pace, as demand for needle felt products continued to pick up in local and international markets

Oriental Weavers' non-woven segment comprises felt products, including carpets used for automotive applications, exhibition halls, and home purposes. The Group's non-woven products are manufactured through the company's arm—and Egypt's leading manufacturer of needled punch and polypropylene products—the Egyptian Fibers Company (EFCO). EFCO sells approximately 45% of its wide array of products domestically and exports the remaining turnover to a multitude of countries across the world.

55%
of turnover exported

67
Export countries

2
Printing lines

2
Polyester and polypropylene production lines

872
Employees



522.3 EGP MN
Total non-woven revenues in FY2021 (+31.6% y-o-y)

2021 Highlights

Over the past two years, the COVID-19 pandemic proved to be much more than a temporary crisis. Increases in prices of commodities and inflationary pressures, in addition to rising supply chain disruptions, have led to delays in raw material deliveries and inventory shortages. These unprecedented issues continue to pose threats to manufacturers on a global scale as they continue to search for ways to navigate operational challenges and meet consumer demand. EFCO was not exempt from the impact of the pandemic, and had to deploy strategies that aimed to build flexibility and resilience across its value chain in the face of market turbulence. In alignment with this, EFCO shifted its focus to local suppliers. The

company successfully managed to utilize more local raw materials instead of relying on imports, which not only saved inventory costs but also ensured prompt delivery times. Additionally, EFCO focused on enhancing its internal capacities, investing in new production lines and machinery, and strengthening its R&D capabilities. This enabled the company to effectively cater to the changing market dynamics and growing consumer demand.

As a result of EFCO's efforts, Oriental Weavers' non-woven segment closed the year with strong results. Total non-woven revenues stood at EGP 522.3 million, reflecting a 31.6% increase from EGP 397 million in 2020, primarily driven by the double-digit growth registered from both local and export sales. Total volumes for the year also witnessed a climb of 17% in 2021, recording 19.9 million sqm versus 17 million sqm one year previously. By the end of 2021, the non-woven segment's contribution to Oriental Weavers' consolidated revenues came in at 5%.

209.4 EGP
MN

Total domestic revenues in FY2021
(+15.3% y-o-y)

Local Market

In EFCO's home market of Egypt, sales grew by 15.3% in 2021 to reach EGP 209.4 million, up from EGP 181.7 million recorded at year-end 2020. In efforts to capture the upside of market demand and leverage its state-of-the-art digital machinery, EFCO managed to increase its productivity throughout the year. Total volumes produced and sold during

the year increased by a solid 13.2% to record 10.7 million sqm at year-end 2021 compared to 9.5 million in 2020. EFCO's average prices fluctuated throughout the year but remained largely flat on a yearly basis, with a slight y-o-y increase of 1.8%. By the end of 2021, revenues from the Egyptian market represented 40% of total non-woven sales.

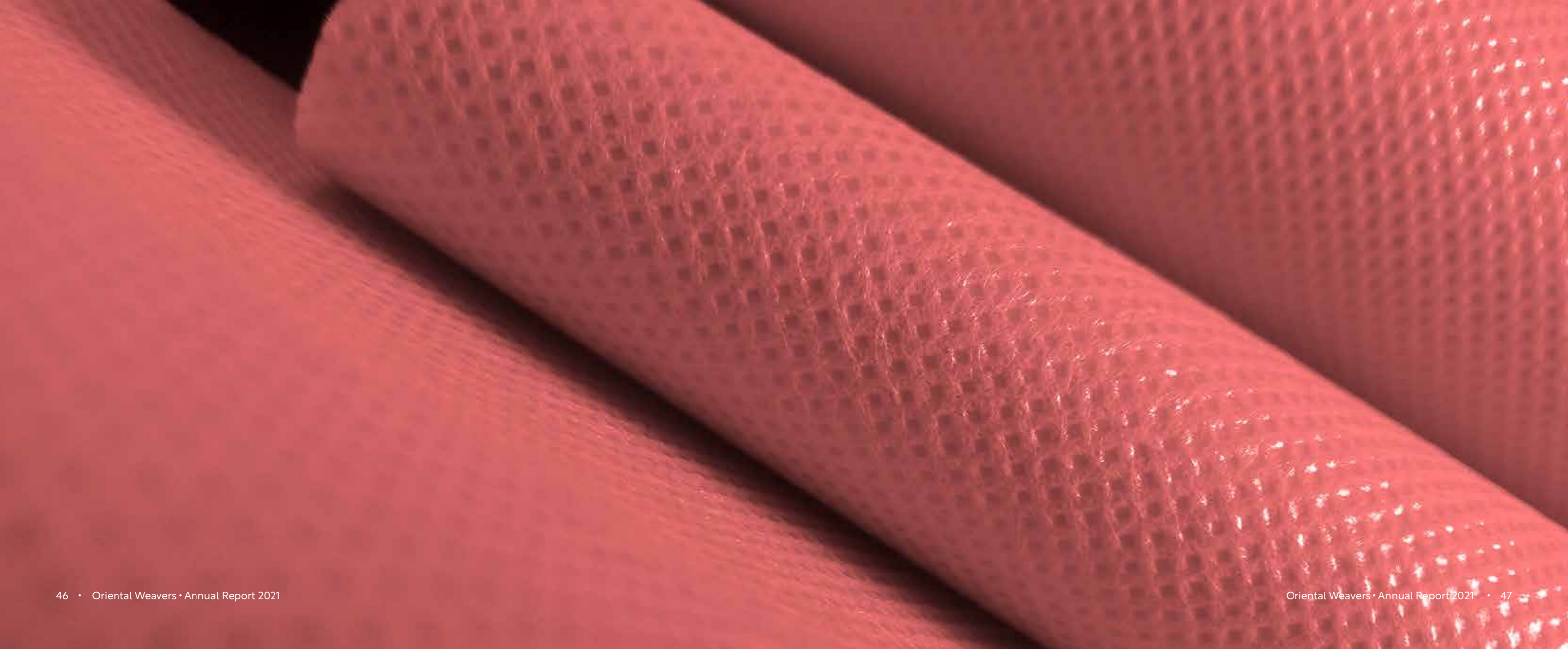
312.9 EGP
MN

Total export revenues in FY2021
(+45.3% y-o-y)

Export Markets

In efforts to reap the fruit of the increase in global demand, and to mitigate the impact of the increase in propylene prices, EFCO increased its average price level by approximately 19.3%. As a result, the non-woven segment outperformed on the exports front, delivering exceptional results in 2021. Export revenues climbed by a remarkable 45.3%,

registering EGP 312.9 million against the EGP 215.3 million recorded one year previously. Total volumes also witnessed a significant climb of 21.8% in 2021, closing the year with 9.1 million sqm sold, up from 7.5 million sqm in the previous year. By the end of the year, export sales contributed 55% to the total revenues generated by the non-woven segment.



ORIENTAL WEAVERS HOSPITALITY

Oriental Weavers Hospitality delivered resilient results in 2021 despite global pandemic aftermath from the previous year

Oriental Weavers Hospitality (OW Hospitality), the Group's carpeting arm in the hospitality sector, was established in 2012. The company manufactures a variety of premium axminster woven carpets, hand-tufted rugs, and machine-tufted carpets, with a client base of local and international hotels and high-profile governmental projects. Stationed in London with offices spread out across the USA and in the UAE, OW Hospitality continues to solidify its flagship position in the global hospitality industry.

100

Export countries

6

Continents

25

International projects in 2021

47^{EGP}_{MN}

Total export revenues in FY2021
(-20% y-o-y)

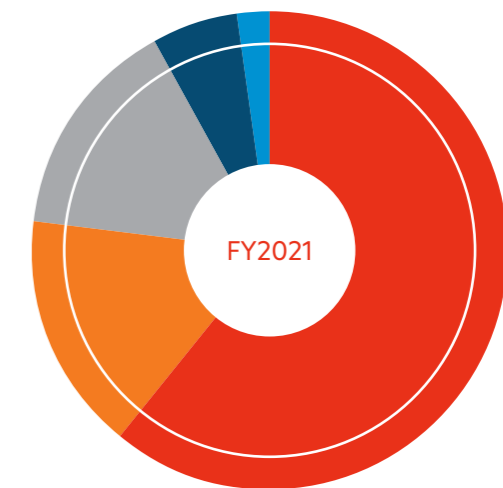
2021 Highlights

Export Markets

The global tourism sector took a hard hit after the onset of the pandemic in 2020. Hotels in particular witnessed a significant drop in occupancy rates and revenues following the lockdowns and travel restrictions that were imposed on a global scale. In early 2021, many pandemic-related challenges remained present, with new variants of the virus emerging, vaccine rollouts slowing down, and rates of business and leisure travel decreasing. Despite these challenges, the hospitality industry remained resilient. In the second half of 2021, travel and tourism slowly began to pick up, and hotels began to witness a gradual recovery. However, the emergence of the Omicron strain, rising inflationary pressures, and supply chain disruptions near Q4 stagnated economic growth in the sectors.

As a result of the instability that was present in global markets during the year, OW Hospitality's export revenues declined by 20% y-o-y to EGP 47 million from EGP 58.7 million in FY2020. Despite this, the company still managed to secure various projects across 10 export countries. These projects included furnishing rooms, corridors, and public areas in prestigious hotels in the MENA region, Europe, Asia, and the USA.

2021 Export Sales by Destination






USA	61%
UK	16%
KSA	15%
UAE	6%
Iraq	2%



Export Markets in 2021 by Region

Region: MENA




Country	Hotel	Project
KSA 	Umluj Hotel Tabuk	Rooms, Corridors, Public areas
	Casablanca Grand Hotel	Rooms
	Vitory Hotel	Rooms, Corridors, Public areas
	Sunset Hotel	Rooms, Corridors, Public areas
	Fountain View Hotel	Public areas
UAE 	Palm Jumeirah	Public areas
	Intercontinental Grand Marina	Rooms, Corridors, Public areas
Iraq 	V Hotel Baghdad	Rooms, Corridors, Public areas

Region: Asia

Country	Hotel	Project
Turkey 	Sheraton Ankara	Public areas

Export Markets in 2021 by Region (Cont.)

Region: Europe

Country	Hotel	Project
UK 	Piccadilly Theatre	Public areas
	Marriott Leeds	Corridors
	Hilton Sofia	Rooms, Corridors, Public areas
	Westin Dublin	Rooms, Corridors
Spain 	Westin Valencia	Rooms, Corridors
Italy 	Four Seasons San Domenico	Corridors

Region: North America

Country	Hotel	Project
USA 	WinStar Casino	Public areas
	Grosvenor Park	Rooms, Corridors, Public areas
	Hilton Canopy	Rooms, Corridors, Public areas
	Curio Nashville Broadway	Corridors
	Choctaw Grand Theater	Public areas
	Grand Bohemian Greenville	Corridors
	Marriott Seattle	Rooms
	Renaissance Ross Bridge	Corridors
	Caesar's Palace Casino	Public areas

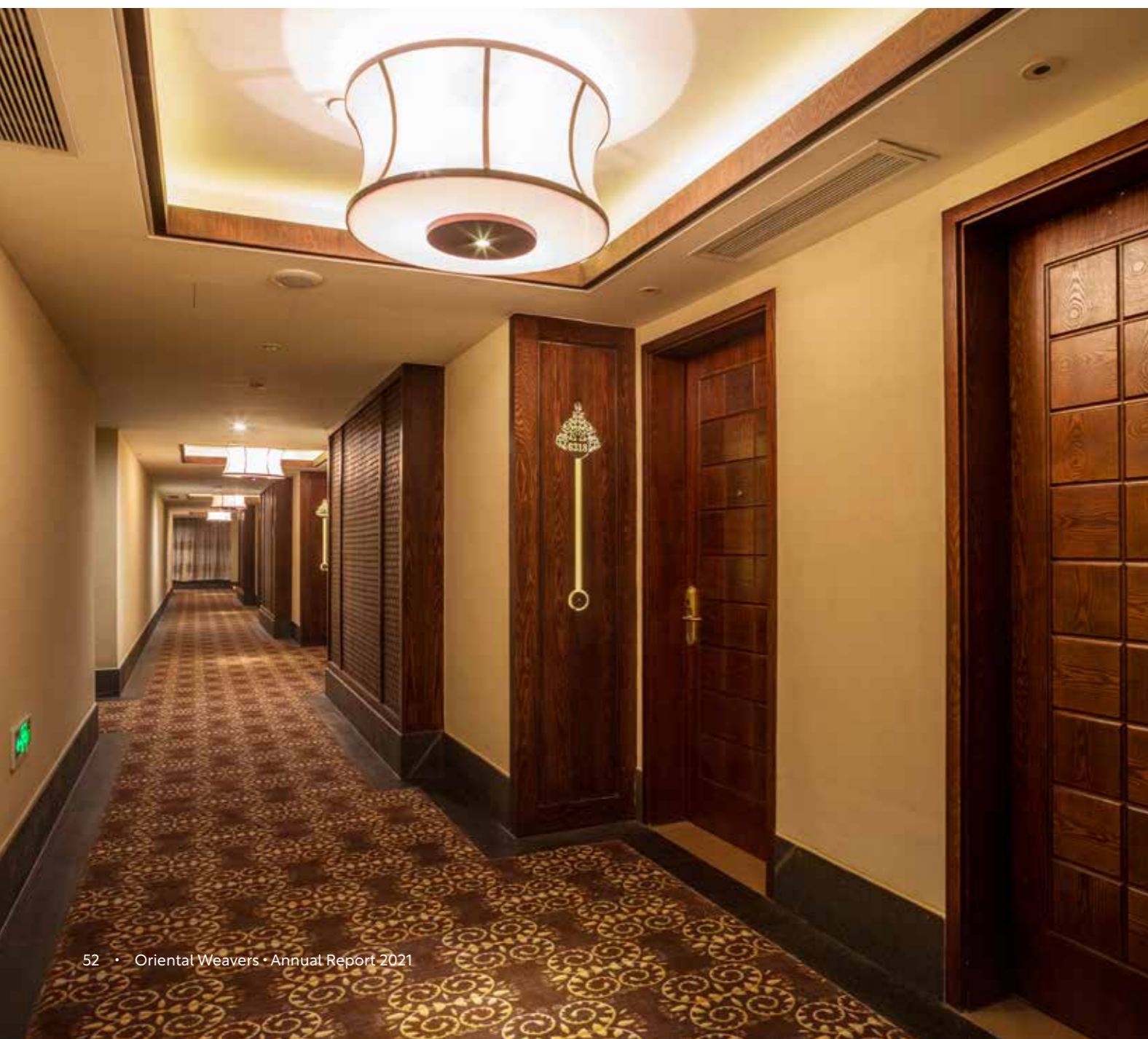
135.3 EGP MN

Total local revenues in FY2021
(+7% y-o-y)

Local Market

In the Group’s home market of Egypt, OW Hospitality delivered exceptional results on the back of an expansion in project scope during the year. The company installed

over 315.5k sqm of axminster carpeting, generating total returns of EGP 135.3 million— an increase of 7% y-o-y from the EGP 126.1 million recorded at year-end 2020.



112

Local projects in 2021

Most Notable Local Projects in 2021

Finished Projects

- Al Masa Al Alamein Hotel
- Government district
- Hilton Secon Nile Towers
- General Intelligence
- Shooting Club in the New Administrative Capital
- Conrad Cairo Hotel
- Luxor Apruterotil Hotel
- The military entity
- El Alamein Hotel
- District ministries
- National universities
- The Opera House in the New Administrative Capital
- King Suleiman University – Sinai Tor
- Rixos Sharm El Sheikh Hotel
- Four Seasons Hotel Sharm El Sheikh
- Hayat Regency Hotel
- Cairo Festival City
- Radamis Nile Cruise
- Nile Ritz Carlton Hotel
- Fairmont Nile City
- Zewail University of Science
- Hotel Le Meridien Cairo Airport
- Police Academy

ENVIRONMENTAL INVESTMENTS



ENVIRONMENTAL INVESTMENTS

Oriental Weavers leverages sustainable production and consumption patterns that preserve the integrity of the natural system and create shared value for communities and the planet at large

Oriental Weavers continuously strives to reduce the environmental impact of its manufacturing activities by using innovative technological solutions and clean energy sources.

A Longstanding Commitment to Sustainability

As Egypt's leading carpets and rugs manufacturer, Oriental Weavers bears a major responsibility to mitigate the negative impact its manufacturing processes may impose on the environment. Accordingly, the company manufactures its products in line with the highest local and international standards, employing an environmental management system in compliance with Egyptian laws and regulations and ISO 14001. Oriental Weavers continuously strives to reduce the environmental impact of its manufacturing activities by using innovative technological solutions and clean energy sources. With these efforts, the company has successfully managed to significantly reduce its water and energy consumption, integrate recycled materials into new products, and reduce greenhouse gas and carbon emissions across its footprint.

At present, the green aspect of Oriental Weavers' sustainable development strategy revolves around four main pillars; energy saving, environmental impact, waste management, and tree planting. These elements fall in line with five of the United Nations' Sustainable Development Goals (SDGs).



Oriental Weavers has installed wastewater treatment units in compliance with the legal requirements of safe disposal of industrial wastewater



Oriental Weavers began its shift to clean energy by installing a solar power plant at one of its mega showrooms, and it has started rolling out outdoor solar lights in its production facilities



Oriental Weavers works toward a zero-waste environment through an effective waste management system



Oriental Weavers sets annual energy targets that directly impact climate change concerns, such as greenhouse gas emissions and tree planting, to offset carbon dioxide emissions



Oriental Weavers' Environmental Impact Assessments and risk mitigations across the Group aim to positively impact life on land





Energy Saving

Energy Efficiency

As climate change becomes a growing concern worldwide, Oriental Weavers aims to minimize the adverse ecological impact of its manufacturing processes. Oriental Weavers' efforts to reduce its carbon footprint, reduce greenhouse gas emissions, and substitute current energy sources with cleaner alternatives have played a pivotal role in driving higher energy efficiency across the company's production facilities. As part and parcel of its energy saving initiatives, Oriental Weavers and its subsidiary companies are committed to reducing greenhouse gas and carbon emissions by 30% over the span of five years through the implementation of a highly efficient energy management system. Above and beyond, Oriental Weavers has marked several major milestones in energy saving for the year 2021, investing a total of USD 897K across several energy saving projects that saved up to 15K MWh in electricity consumption and reduced over 7.5k tons in carbon dioxide emissions.

Renewable Energy

Oriental Weavers continues to make strides in using renewable energy sources, establishing its first ever solar power station in 2021. The solar power plant boasts a capacity of 259 KW, and it is expected to generate over 520 MWh per year, in addition to eliminating up to 262 tons of carbon dioxide emissions. The company has also introduced outdoor solar-powered lighting to some of its production facilities with an eye to minimizing electricity utilization and enhancing cost-effectiveness. As part and parcel of its strategy to save

energy, Oriental Weavers aims to continue investing in more solar power stations in the coming years, with capacities of up to 5 MW. At present, the company is in the process of establishing a solar power plant at its export free-trade subsidiary, Oriental Weavers International (OWI), with a capacity of 1 MW.

30%

Reduction in GHG and carbon emissions by 2025

897^{EGP}_K

Invested across energy saving projects in 2021

15_{K/MWh}

Total energy saved in 2021

7.5_{K/tons}

Carbon emissions reduced in 2021

20%

Reduced water consumption

Water Saving

In efforts to reduce water consumption, Oriental Weavers invests in innovative water-efficient technologies that limit its significant dependence on water. The company's five-year water-saving strategy includes reducing total water consumption by 20% through leveraging a zero liquid discharge (ZLD)

engineering treatment process. Oriental Weavers also began investing in disruptive water-free textile dyeing technologies, with an eye to reducing 50% of water used for dyeing purposes. In 2021, Oriental Weavers successfully conserved 8K m³ and recycled over 12K m³ tons of water.

Environmental Impact



100%

Legal compliance with environmental regulations

In order to ensure the utmost legal conformance to environmental laws and regulations, Oriental Weavers carries out an Environmental Impact Assessment on an annual basis. Through this assessment, the Group is able to effectively monitor, assess, and specify potential risks and opportunities related to climate change and consistently work toward environmental risk mitigation. Oriental Weavers' environmental efforts include the investment in new environmentally friendly technologies and equipment, recycling processes, and staff awareness. The Group has also formed an Emergency Committee that is responsible for consistently promoting the safeguarding and maintenance of the environment across the Group.

50%

Reduction of generated solid waste by 2025

Waste Management

Oriental Weavers typically generates solid waste of approximately 3K tons from its synthetic fiber and carpet manufacturing processes. In order to enhance operational efficiency, the company has introduced policies to reduce waste and reuse and recycle resources and finished products. Oriental Weavers currently recycles approximately 30% of generated poly propylene, polyester, polyethylene, and wooden waste in-house. In addition to internal recycling, Oriental

Weavers also sells its solid waste of carpet, carton, and yarn to its subsidiaries and sister companies to be used as raw materials in their production processes. Above and beyond, the company utilizes a lean manufacturing system across its production facilities. This robust business model enables Oriental Weavers to reduce product defects and other non-value-adding activities, all while delivering products of superior quality at lower costs and greater efficiency levels.

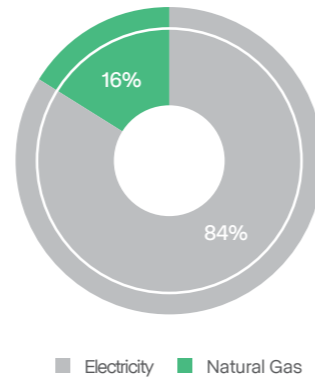


Tree Planting

A constituent element of Oriental Weavers' sustainable development strategy is planting more trees. By doing so, the company aims to contribute to preventing global warming as trees play an important part in absorbing carbon dioxide while releasing oxygen back into the air. In collaboration with the Group's real-estate arm, Orientals for Urban Development (OUD), Oriental Weavers has adopted tree planting initiatives, with a five-year plan to plant a total of one million trees. As of 2021, the company has successfully planted around 403K trees, with a yearly carbon emissions reduction of over 20.7K tons.

Energy Consumption

By Source (by cost)



Electricity Consumption

Unit (000 MWh)



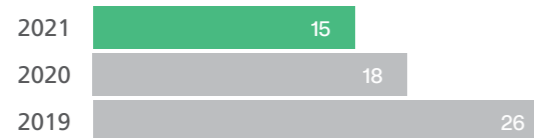
Natural Gas Consumption

Unit (000 MWh)



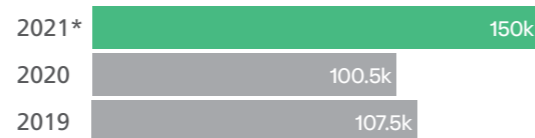
Energy Saved

Unit (000 MWh)



Carbon Emissions

Unit (tons)



Total Water Consumption

Unit (000 m³)

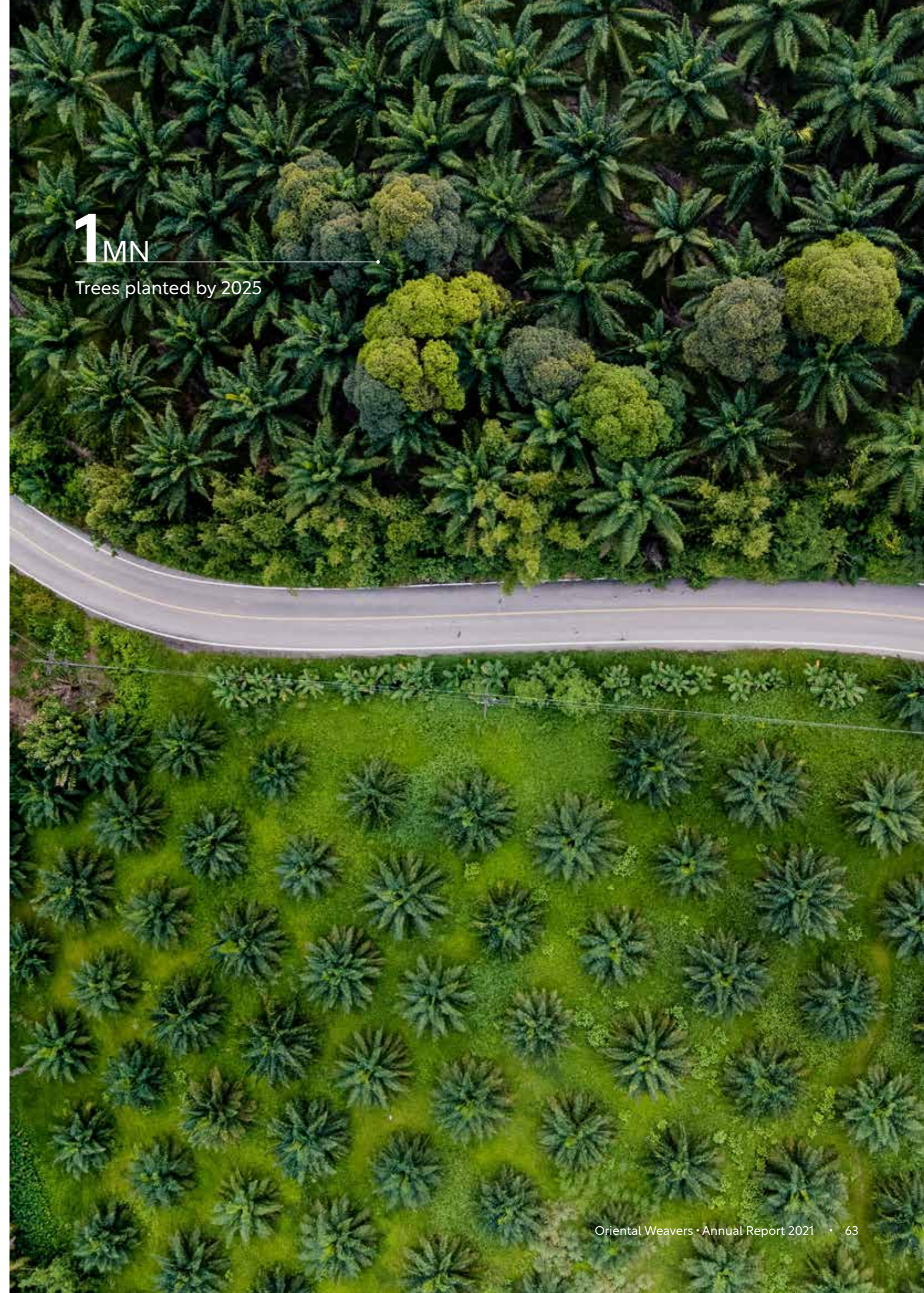


Total Water Recycled

Unit (000 m³)



* Emissions increased due to the increase in the company's production



Sustainability Across the Group

Now more than ever, it is extremely important for Oriental Weavers and its subsidiaries to prioritize the broader influences that are changing the world. The need to demonstrate ethical behavior and responsible investing continues to grow, as consumers become more in touch with the connection between the products and services they purchase and use and the impact they have on the environment. Investor sentiment also continues to shift, as investors become more concerned about how much a business integrates sustainability into its operations. As such, Oriental Weavers works diligently alongside its subsidiaries to ensure that the Group's business practices not only generate financial returns but also promote positive impact across the board. The company and its subsidiaries follow robust frameworks that enable them to effectively reduce the environmental impact of manufacturing activities and to leverage processes that enrich their operational excellence through the lens of sustainability.

MAC Carpet

MAC, Oriental Weavers' foothold in the tufted carpeting segment, has been integrating sustainability into the fabric of its operations since 2010. As an industrial pioneer, the company's significant responsibility toward the environment and society shapes its core values and principles. MAC's environmental development strategy aims to reduce overall energy consumption, such as natural gas, electricity, and water.

As part of its commitment to reduce carbon and greenhouse gas emissions and use cleaner energy sources, MAC uses renewable energy sources and other effective methods to reduce electricity consumption and to generate power for its plants. Additionally, the company strongly focuses on reducing the consumption of water in its manufacturing processes, and it has successfully reduced consumption from 25 liters per sqm in 2010 to less than 15 liters per sqm in 2021. To enhance its production capacities even further, MAC has introduced a waste management system across its operations, installing water treatment plants that reuse and recycle industrial wastewater for manufacturing purposes.

With its operations in line with the best international standards and practices, MAC takes pride in being recognized by some of the most prominent and influential organizations across the globe. The company is ISO 9001, ISO 14001, and ISO 50001 certified, as it continues to provide sustainable products and services that live up to both customer and regulatory requirements. Additionally, MAC conforms to the BRC Global standards for safe and risk-free consumer products, and it has successfully obtained the BRC issue 4 certification. In 2021 specifically, MAC was awarded the UNIDO Chemical Leasing Award in recognition of the company's effective operations with chemicals in its production processes. All in all, these diligent efforts have successfully contributed to the company's strategy of working toward the

long-term goal of a zero-waste environment and paving the way for a sustainable future.

Egyptian Fibers Company

The Egyptian Fibers Company (EFCO) continues to play a pivotal role in driving sustainable development in the regions in which it operates. Throughout the years, EFCO has continued to implement environmental policies and mobilize resources to ensure that its manufacturing operations are in line with the best international standards and practices. The company's ethical responsibility toward the environment entails manufacturing products that are safe, sustainable, and environment-friendly. In line with this, EFCO follows a set of regulations that strictly prohibit the use of hazardous materials at any stage of production, utilizing raw materials that are chemical-free and non-hazardous to manufacture its products. The company also places a strong value on the importance of recycling and reusing resources, in line with its efforts to manage waste across its footprint. In alignment with this, EFCO began using recycled polyester in its manufacturing processes, with approximately 80% of its products now manufactured using recycled materials, instead of the previously used polypropylene. In addition to sustainable raw materials, EFCO also strongly focuses on using biodegradable and sustainable packaging. As such, the company packages its products using recycled plastics and carton. On the waste management and water consumption front, EFCO uses boilers to reuse and recycle water for its manufacturing processes. The company has

Oriental Weavers works diligently alongside its subsidiaries to ensure that the Group's business practices not only generate financial returns but also promote positive impact across the board.

successfully built three water treatment units that are large enough to cover all extensions, working at full capacity to purify contaminated water.

In 2021, EFCO's efforts toward sustainable development were commemorated through numerous awards and accolades. The company's products now carry the OEKO-TEX Standard 100 label, indicating that all materials used in EFCO's production process are 100% free from harmful substances. EFCO was also awarded the Control Union certification, verifying that the recycled content of the company's products are in compliance with the Global Recycled Standard (GRS). It is also worthy to mention that EFCO is ISO 14001 and ISO 45001 certified, in line with the Environmental Management System standards and requirements.

**SOCIAL
INVESTMENTS**



SOCIAL INVESTMENTS

Social responsibility is a longstanding priority at Oriental Weavers, as the company remains committed to serving customers, employees, and community members beyond business objectives, keeping them at the core of its diversified social efforts

In 2021, Oriental Weavers' social responsibility initiatives revolved around three main initiatives: youth empowerment, health, and well-being.

Maximizing Social Impact

Oriental Weavers creates social value and impact for the benefit of its surrounding communities. The company contributes to the growth and development of key industries, such as healthcare and education, through a plethora of initiatives and programs it deploys through its expansive footprint. In 2021, Oriental Weavers' social responsibility initiatives revolved around three main initiatives: youth empowerment, health, and well-being. These pillars fall in line with four of the 17 SDGs.

Social Initiatives

Youth Empowerment Through Learning and Development Initiatives

Mohamed Farid Khamis for Community Development Foundation

To bolster the education and development of the community's youth, Oriental Weavers takes on initiatives that support students throughout their higher education journey. In 2021, the company sponsored 520 students through the "Top 100 Students" program, sponsored by the Mohamed Farid Khamis Foundation (MFK Foundation) and in collaboration with the Ministry of Education. The education program, now active for almost 20 years, provides students with a comprehensive suite of financial and moral support services ranging from university fees and allowances to books, equipment, accommodation, and training courses.

2.4_K

Beneficiaries from the "Top 100 Students" program to date

4^{EGP}_{MN}

Expenditure on "Top 100 Students" program



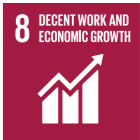
Oriental Weavers diligently works to ensure people receive equitable access to quality healthcare through its own charitable hospital, investing in medical equipment, making healthcare donations, and sponsoring patients through their medical journeys



Oriental Weavers consistently aims to provide the necessary financial and moral support to university students, in addition to providing the necessary equipment to disabled students to ensure equality of academic access



As the world becomes more interconnected, Oriental Weavers continues to form inclusive, cross-sector partnerships and collaborations with prominent local and global organization, working together to achieve the shared vision of sustainable growth and development



Oriental Weavers aims to protect the rights of its personnel and promote an inclusive, safe, and healthy working environment for all its employees, and the company offers world-class specialized training courses that unlock a multitude of career prospects for its employees





3.8_K

Students per year under the Student Mobility program

Khamis Foundation for Community Development
During the year, Oriental Weavers joined forces with the Khamis Foundation for Community Development to launch a student mobility

2^{EGP}_{MN}

Expenditure on Student Mobility program

program, providing transportation modes to students around the 10th of Ramadan area and helping them commute to and from universities.

1.1_K

Hours of on-site training given in 2021

Student Internships and On-Site Training

Oriental Weavers partnered with Ain Shams University, the United States Agency for International Development (USAID), and other organizations to offer internships and various other training programs to students looking to kick-start their careers. Additionally, and as part

of the company's more expansive learning and development agenda, students from different universities across Egypt are offered on-site training. This is typically delivered over three weeks, and covers Oriental Weavers' various departments and facilities.

6

Years as sponsors

ENACTUS

Throughout the years, Oriental Weavers has been a proud sponsor of ENACTUS, participating in its annual events for community development projects. ENACTUS is a leading global, non-profit organization that aims to

connect student with academic and business leaders. Through its platform, ENACTUS is committed to using the power of entrepreneurship and social innovation to build a more sustainable world.

50%

of the hospital's revenues are allocated to charitable causes

Healthcare Initiatives

Oriental Weavers continues to support a myriad of non-profit organizations in the Egyptian healthcare sector, such as non-governmental organizations (NGOs) and state-owned hospitals, in efforts to ensure equal access to healthcare across the country.

Mohamed Farid Khamis Specialized Hospital

The Company fully sponsors the Farid Khamis Foundation for Development, which

7 EGP MN

Expenditure on hospital renovations

owns the Mohamed Farid Khamis specialized hospital. In 2021, the hospital underwent major renovations, establishing new wings that include a blood bank and an Intensive Care Unit, which were mostly funded by Oriental Weavers and its subsidiaries. This refurbishment aims to expand the hospital's patient capacities and to enable it to onboard more pro bono cases.

7 EGP K

Expenditure in financial subsidies and medications in 2021

Nation-wide Access to Healthcare

Additionally, Oriental Weavers focuses on promoting equal access to healthcare in underserved Egyptian governorates. In alignment with this, the company has established and equipped a number of medical units and hospitals in several Egyptian villages, such as Kafr Al Sheikh, Belbeis, and many more. Above and beyond, and with the onset of COVID-19, Oriental Weavers has been actively donating to private and public hospitals to help provide the necessary financing for medical and protective equipment. Hospitals and centers that the company has donated to over the years include Baheya, El Nas, El Orman, and Abu El Reesh Hospital.

Patient Sponsorships

In efforts to support community members in need, Oriental Weavers continues to sponsor

patients across various medical fields. Through its Breast Cancer Foundation, the company continues to honor its commitment to raising awareness and supporting women living with breast cancer while contributing to medical studies and conducted research. Oriental Weavers has also adopted speech delay and human development as part of its focus on the healthcare sector. In alignment with this, the company established dedicated classes for children with speech delays, and it continues to sponsor children with disabilities.

Well-being Initiatives

Oriental Weavers takes part in various development to safekeep the health and well-being of local communities and be an asset to society



2 EGP MN

Expenditure on winter blankets under the "Eed El Dafa" campaign

The Egyptian Clothing Bank

In 2021, Oriental Weavers collaborated with the Egyptian Clothing Bank to help thousands of families in need of winter supplies and

clothing through the "Eed El Dafa" campaign. The campaign extended support to thousands of families across the governorate of Sharqia.

7 EGP MN

Expenditure on "Tahya Misr" initiatives

Hayah Karima Initiative

Oriental Weavers took part in the Hayah Karima initiative to provide several mosques

31 EGP MN

Donations to mosques

and family homes across the country with wall-to-wall carpeting.

HSE and Employee Rights at Oriental Weavers

Oriental Weavers' Health, Safety, and Environmental (HSE) policy aligns with the Egyptian Labor Law, the US Occupational Safety and Health Administration (OSHA), and the International Labor Organization (ILO). As human capital has been the most crucial asset to the years of success the company has achieved and celebrated, Oriental Weavers adheres to the highest industrial standards that cover key aspects, such as employment contracts, wages, benefits, policies, working hours, health and safety, training and development, gender equality, and anti-discrimination.

Code of Professional and Ethical Conduct

Oriental Weavers has developed and implemented a code of conduct that aligns with Egyptian laws and regulations and International

best practices. To raise awareness and to ensure full compliance to the code of conduct, multiple seminars and awareness sessions have been conducted across the company's departments. In 2021, Oriental Weavers updated its code of conduct, setting higher standards for the company and its stakeholders.

Health and Safety

Oriental Weavers' commitment to promoting a healthy and safe work environment remains unwavering. The company's health and safety programs foster a highly proactive approach to finding and preventing potential occupational hazards before they can cause injury or illness to employees. Oriental Weavers' health and safety programs leverage integral tools and procedures, such as firefighting, first aid, and employee emergency onsite training,

2.9%

Employee turnover

5.1^{EGP}_K

Average annual salary for men and women

268

Women employed

18.7_K

Men employed

201

Women in entry/mid-level positions

16.1_K

Men in entry/mid-level positions

67

Women in senior/executive positions

to increase health and safety awareness and responsibility across the board. To further ensure the safe continuity of its operations, Oriental Weavers conducts periodic risk assessments across its production facilities to identify potential risks and take necessary preventative measures to mitigate them.

Child and Non-Consensual Labor

Oriental Weavers adheres to the International Declaration of Human Rights, with a strong belief that child labor poses significant harm on a child's physical and mental health, well-being, and educational development. Accordingly, the company maintains transparent HR policies and procedures for its management, employees, suppliers, and service providers that strictly forbid any form of forced or child labor. This includes hiring only those who are over 18 years of age and making it adamantly clear to all entities within the Group's value chain that they must adhere to the same labor standards and practices.

Violence and Sexual Harassment

As part of Oriental Weavers' long-term commitment to providing the safest environment to its employees, the company has a zero-tolerance policy for violence and sexual harassment. The company recognizes the right of all employees to a workplace free of harassment and sets clear frameworks to address and eliminate violence and harassment through an integrated and inclusive approach. All allegations and complaints are

2.6_K

Men in senior/executive positions

3

Women on the BOD

12

Men on the BOD

taken very seriously, and any person found to have engaged in violence or sexual harassment is to face disciplinary action, up to and including dismissal.

Anti-Discrimination

Oriental Weavers is dedicated to building and maintaining a workplace that does not tolerate any form of discrimination. The company's policies prohibit any discrimination between employees, whether on the basis of religion, ethnicity, body shape, gender, race, marital status, age, disability, or competencies. At Oriental Weavers, everyone is treated fairly and equally in terms of wages, salaries, benefits, and working conditions. Additionally, the company's employment decisions, including recruitment, dismissals, and any other matters regarding terms and conditions of employment, are not exempt from anti-discrimination mandates.

**CORPORATE
GOVERNANCE**



CORPORATE GOVERNANCE

Oriental Weavers maintains a strong corporate governance framework to safeguard the interests of its shareholders and improve the efficiency of its systems and processes across its global footprint

Oriental Weavers follows principles of fairness, openness, and transparency across its operations. In 2021, the company introduced an Internal Governance division that aims to ensure the utmost compliance with the best practices and standards. With a sound governance framework in place, Oriental Weavers continues to grow with confidence and integrity.

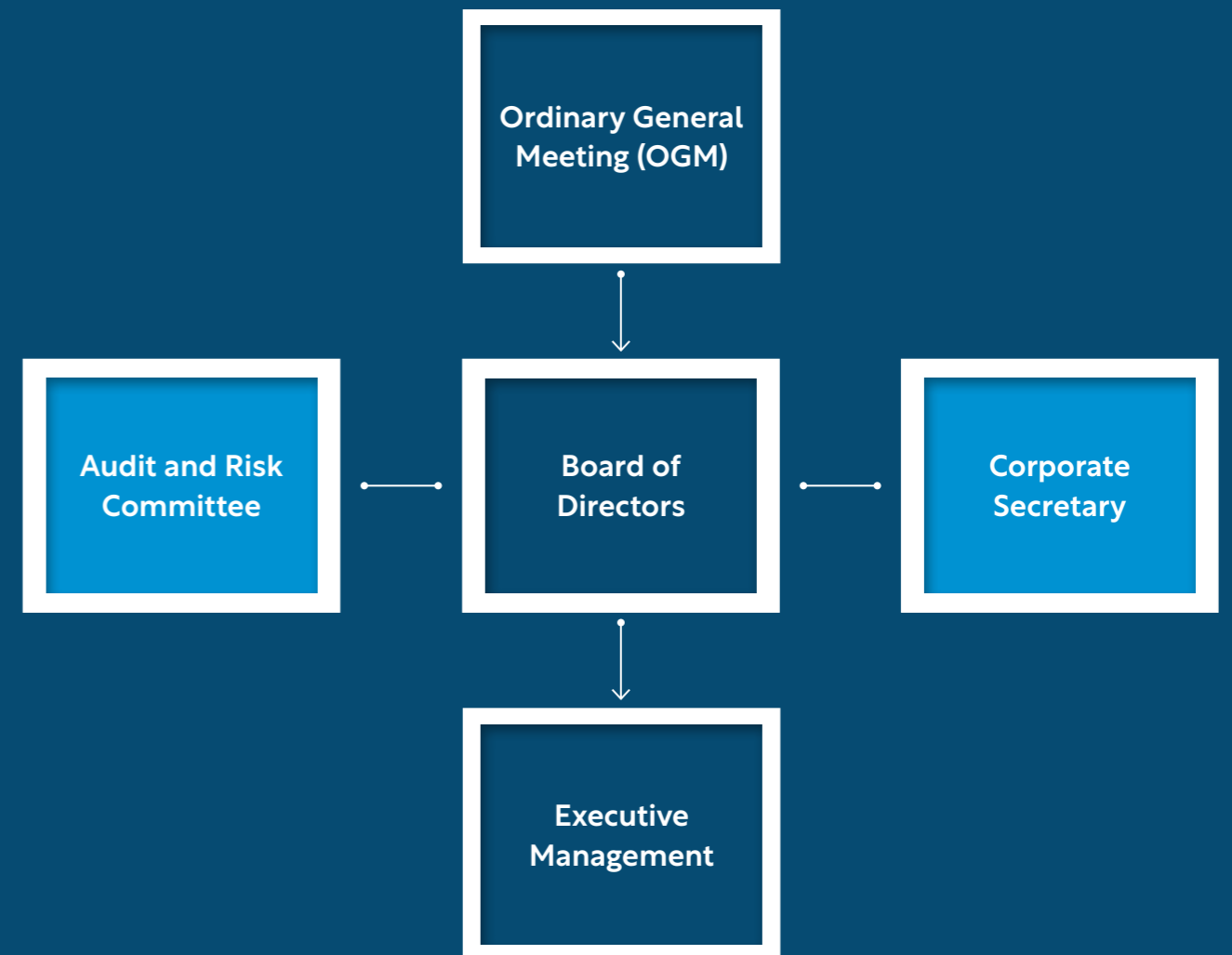
Group Structure

Shareholders Structure



■ Khamis Family	56.82%
■ Fitaihi Holding Group	11.13%
■ Foreign Institutions	14.90%
■ Local Institutions	9.36%
■ Retail	7.79%

Governance Structure



Board of Directors

Yasmine Mohamed Farid Khamis	Non-Executive Board Member, Chairwoman
Salah Abdel Aziz Abdel Motalab	Board Member, CEO and Managing Director
Farida Mohamed Farid Khamis	Board Member, Vice Chairman
Mohamed Mahmoud Fawzy Khamis	Executive Board Member, Managing Director for Development Affairs
Amr Mahmoud Fawzy Khamis	Executive Board Member, Managing Director for Manufacturing
Mahmoud Amin Saad	Board Member
Mohamed Katary Abdullah	Board Member
Medhat Hussein	Board Member
Hani Mahmoud Amin	Board Member
Wadouda Abd El Rahman Badran	Independent Board Member
Seif El Din Awni	Non-Executive Board Member representing Misr Life Insurance
Khaled El Said Ahmed Mohamed	Non-Executive Board Member representing Misr Insurance Holding Company
El-Sayed Moatasseim Ibrahim Rashed	Independent Board Member
Mohamed Mohamed Ali Amer	Non-Executive Board Member
Mohamed Mohamed Farid Khamis	Non-Executive Board Member

Board Committees

Internal Audit and Risk Committee

15

Members

Board of Directors

Oriental Weavers' Directors boast a wide spectrum of expertise, with a solid understanding of manufacturing, sales and distribution, and finance. The company's Board of Directors plays a proactive part in shaping the company's strategies, policies, and management team functions. Selected by a majority vote of the company's shareholders, the Board consists

of independent directors, executives, institutional investors, and shareholder representatives. The Board meets on a quarterly basis, with each member leveraging their extensive leadership experience in strategic planning to assess key performance indicators, collectively steering Oriental Weavers on the trajectory to sustainable success.

Board Responsibilities

The Board of Directors is tasked with setting Oriental Weavers' strategic goals, approving the general plans and policies governing the company's operations, and supervising the performance of the executive management. The Board also ensures the efficiency of



internal controls and risk management policies, determines the best ways for applying good governance, and endorses professional policies and procedures that enable the company's employees to bolster their performance.

To achieve this, the Board:

- Reviews, approves, and monitors the long-term strategic objectives and business plans of the management team;
- Assesses the major risks facing the company and the steps taken by the management team to mitigate such risks;
- Oversees the accuracy of the company's financial statements, compliance with legal requirements, the qualifications and independence of the company's external auditors, and the performance of the company's internal audits; and
- Continuously reviews and updates the company's Code of Business Conduct and Ethics to ensure compliance with applicable laws and regulations.

Moreover, the Board ensures that the company's management is fulfilling its duties by monitoring the effectiveness of managerial decisions, strategic plans, and policies. It has a periodical reporting system and convenes on a monthly basis to review the main performance indicators of the company, such as sales, financials, inventory, and productivity, as well as to review capital expenditure needs and status.

The Board of Directors undergoes an annual self-evaluation, and the term of the Board is renewed every three years.

As part of Oriental Weavers' code of ethics policies and procedures, the Board follows all conflict of interest and insider trading principles. Board members submit an annual disclosure form detailing ownerships, in addition to any board membership in other companies. Members who may have any conflicts of interest concerning board decisions are not permitted to vote or attend discussion processes.

Board Members



Ms. Yasmine Mohamed Farid Khamis
Non-Executive Board Member, Chairwoman

Ms. Yasmine Mohamed Farid Khamis is a recognized strategic leader in the carpet industry who is known for her contributions to both the industry and Oriental Weavers. Throughout her extensive career in marketing, she has held numerous executive positions within Oriental Weavers, serving as a board member and director in a number of the company's subsidiaries. She adopted advanced technology to create innovative yarn systems, constructions, and designs. After completing her BA in mass communications at the American University in Cairo, Ms. Khamis went on to study color theory and design at the prestigious Pratt Institute in New York City, USA. She also studied accounting and fiber materials at the University of North Carolina, USA.



Mr. Salah Abdel Aziz Abdel Motalab
Board Member, CEO and Managing Director

Mr. Salah Abdel Aziz Abdel Motalab joined Oriental Weavers in 1997 after serving in the Egyptian Armed Forces, where he held high-level administrative positions. Over his 24 years with Oriental Weavers, he held numerous top-tier planning and administrative positions, such as heading the Projects and Contracts Department and, subsequently, the Planning Department. As Head of Planning, he spearheaded Oriental Weavers' expansion program. He continues to do so in his current position as the Chairman and CEO of the company.



Ms. Farida Mohamed Farid Khamis
Board Member, Vice Chairman

Ms. Farida Mohamed Farid Khamis serves as the Deputy Chairman of Finance at Oriental Weavers, bringing extensive experience in investor relations. She also serves as an executive board member for several Oriental Weavers' subsidiaries. Ms. Khamis earned her BA in business administration from the American University in Cairo and subsequently completed training sessions at Citibank in New York, USA, and with EFG Hermes, Egypt. Ms. Khamis is a member of the Young Presidents Organization (YPO), and she has been involved with the organization at both regional and international levels. She also has a broad background working within non-governmental organizations, as she has been the Chairwoman of the Khayrazad Organization for Social Care since 2007.



Eng. Mohamed Mahmoud Fawzy Khamis
Executive Board Member, Managing Director of Development Affairs

Mr. Mohamed Mahmoud Fawzy Khamis serves as Managing Director for Development Affairs. His 20 years of experience has driven the extensive development of Oriental Weavers' domestic distribution network, leading to a marked increase in the company's domestic market share. He graduated from the Textile Technology Program at the University of North Carolina, USA, where he also focused on operations management and domestic sales.



Eng. Amr Mahmoud Fawzy Khamis
Executive Board Member, Managing Director of Manufacturing

Mr. Amr Mahmoud Fawzy Khamis serves as Managing Director for Manufacturing. During his long career, he has been instrumental in developing and expanding the operations of Oriental Weavers, as he was intricately involved in supply chain and production management, in addition to his involvement in planning, sales, and marketing activities. Mr. Khamis joined Oriental Weavers after receiving his degree in Textile Technology from the University of North Carolina, USA.



Mr. Mahmoud Amin Saad
Board Member

With over 25 years of experience in exports, Mr. Mahmoud Amin Saad served as the Head of the Exports Division at the company. In his capacity, he led and oversaw the company's expansion in over a hundred new export markets by strengthening the transportation and distribution infrastructure throughout the company's diverse footprint. Mr. Amin has also been heavily involved in product development and marketing, as evident in his work at the Domotex Exhibition. His contribution also extends to developing financial systems within the company, as well as training and employee development, shipping, and logistics. Mr. Amin held numerous high-level administrative positions as an officer in the Egyptian Armed Forces from 1966 to 1982.



Mr. Mohamed Katary Abdullah
Board Member

With over 30 years of financial management experience, Mr. Mohamed Katary Abdullah currently serves as the Director of Finance at the company. In his capacity, he plays a vital role in securing the company's financial position while helping transform Oriental Weavers into one of Egypt's leading corporations.



Eng. Medhat Hussein
Board Member

Eng. Medhat Hussein joined Oriental Weavers in 1986. During his 30-year tenure at the company, he assumed a number of key managerial positions, including the Head of Quality, Health, Safety, and Environmental Department; Procurement Director; and Head of the Design and Engineering departments.



Mr. Hani Mahmoud Amin
Board Member

Mr. Hani Amin serves as the General Exports Director at Oriental Weavers, and he joined the company's Board of Directors as of 2021. He boasts over 20 years of experience in the exports field, having worked in many export regions worldwide. Throughout his career at Oriental Weavers, Mr. Amin has worked in both Oriental Weavers Egypt and the company's arm in the USA, partnering with a multitude of major international customers and companies. He graduated from the American University in Cairo in 1997 with a BA in economics. He also holds an MA in business administration with a specialization in marketing.



Prof. Wadouda Abd El Rahman Badran
Independent Board Member

Prof. Wadouda Abd El Rahman Badran has been a professor of Political Science at the Faculty of Economics and Political Science, Cairo University, since 1991. In November 2013, she was appointed as the Dean of the Faculty of Business Administration and Economics and Political Science at the British University in Egypt. She was also the Cultural Counselor and Director at the Egyptian Embassy in London, UK. Prof. Badran holds a PhD in political sciences from Carleton University, Ottawa, Canada, and she earned her BA from the Faculty of Economics and Political Sciences, Cairo University, Egypt.



Mr. Seif El Din Awni
Non-Executive Board Member representing Misr Life Insurance

Mr. Seif El Din Awni is the founder and Managing Director of Elite Financial Consultancy House, a financial advisory company and independent financial advisor licensed from the FRA in Egypt. Prior to this, he was the Managing Director at Post for Investment (PFI) and the Managing Director at Wedian Securities Brokerage. Mr. Awni previously sat on the Board of 138 Pyramids and Delta Inspire for Investments, serving as a non-executive board member. At present, Mr. Awni is a non-executive member on the Board of Oriental Weavers, representing Misr Life Insurance. He holds a BA in business administration from Cairo University, an MBA from the German University in Cairo (GUC) in finance and investment, and an MSc in finance from Helwan University. Mr. Awni is also an enrolled student in the PhD program of the GUC with a specialization in finance and investment.



Mr. Khaled El Said Ahmed Mohamed
Non-Executive Board Member representing Misr Insurance Holding Company

Mr. Khaled El Said has worked at Misr Insurance Holding for over 30 years, and he currently serves as the Head of the South Cairo region and holds several other positions within the company. Mr. El Said joined Oriental Weavers' Board of Directors in 2020, serving as a non-executive board member representing Misr Insurance Holding. In 2015, he sat on the Board of Egyptian Compressors Manufacturing company—a position he held until 2020. He holds a BA in commerce from Ain Shams University and a postgraduate diploma in general insurance from Cairo University, and he is a registered insurance consultant at the Financial Supervisory Authority under decree no. 248 of 2007.



Mr. El-Sayed Moatasseim Ibrahim Rashed
Independent Board Member

Mr. El-Sayed Moatasseim Ibrahim Rashed worked as an economic consultant for various entities and corporations, including the Egyptian Cabinet, Immigration and Egyptians Abroad Minister, Secretary-General of Social Fund for Development in Sharkia and Cairo Governorates, Economy and Foreign Trade Ministry, and the Economy Union and Office Manager of Secretary-General of the Arab League. He also worked as the Undersecretary, Head of the Central Department for Investors Societies, at the General Authority for Investments (GAFI).



Mr. Mohamed Mohamed Ali Amer
Non-Executive Board Member

Mr. Mohamed Mohamed Ali Amer worked extensively in the domestic and international banking sectors for 35 years. He received his BA in commerce and bank management from Ain Shams University in Egypt and MA in finance from Cairo University, Egypt.



Mr. Mohamed Mohamed Farid Khamis
Board Member

Mr. Mohamed Farid Khamis has held numerous positions at Oriental Weavers, including serving as Vice-President from 2009 to 2011. He was heavily involved in launching investments in technology and recalibrating warehouse logistics. In 2011, he was appointed as Vice-Chairman of Orientals for Urban Development (OUD). Under his leadership, the company grew to become one of the leading real estate developers in Egypt. He has overseen the launch of several projects in Cairo and the Red Sea spanning the real estate, tourism, and agricultural sectors. Moreover, Mr. Khamis has been a driving force in creating sustainability initiatives across the company's portfolio. He is also involved in a number of philanthropic initiatives focusing on educational programs, social care, and healthcare funding, including the M. F. Khamis Foundation, the Al-Azhar Khamis Advance Schools, the Khamis Healthcare Institution, and the Khamis Limited Income Support Foundation. Mr. Khamis holds a BA in marketing from the British University in Egypt.



Board Committees

The Board has an Audit and Risk Committee dedicated to fulfilling its diverse duties and

tasks, with an eye for ensuring compliance and responsible behavior across the business.

3

Members

4

Meetings per year

Audit and Risk Committee

Mohamed Mohamed Ali Amer

Non-Executive Board Member

Wadouda Abd El Rahman Badran

Independent Board Member

El-Sayed Moatasseim Ibrahim Rashed

Independent Board Member

The committee meeting is held four times annually, with all members attending

The Audit and Risk Committee is mandated to ensure that all required controls are established in place and correctly exercised. It oversees the accuracy of financial statements, compliance with laws and regulations in markets of operation, and the qualifications and independence of the company's internal audits and external auditor.

The committee's main responsibilities include:

- Reviewing the company's internal controls and drawing up a written report on the committee's opinion and recommendations
- Overseeing risk management policies and practices of Oriental Weavers' global operations and supervising the implementation of the company's global risk management framework
- Reviewing financial statements before submission to the Board of Directors and making necessary recommendations
- Reviewing the adopted accounting policies and making necessary recommendations

- Nominating external auditor(s) to be appointed to the company by the Board of Directors
- Reviewing the audit plan set by the external auditor and making remarks accordingly
- Studying the observations or violations received from the regulatory authorities and following up on progress
- Ensuring the company's compliance with internal and external systems, regulations, and laws, as reported by the Compliance Department and other relevant departments
- Discussing and approving the annual plan of the Internal Audit Department, following up on its effectiveness, and ensuring that it covers all the company's departments and activities
- Reviewing the internal audit reports, identifying the company's shortcomings and reasons, and following up on the corrective actions
- Reviewing and evaluating the company's early warning system and proposing the

means for its improvement and effective application

- Executing and following up on any other work assigned by the Board of Directors
- Overseeing and monitoring the internal audit function to ensure its effectiveness in carrying out its work and tasks
- Recommending any appointments, dismissals, and remunerations of the head of internal audit to the Board of Directors
- Recommending the appointment, dismissal, and compensation of the external auditors to the Board and evaluating performance after assessing their independence, scope of work, and engagement terms
- Ensuring the independence, objectivity, and fairness of the external auditor and the effectiveness of the audit work, taking into consideration the relevant rules and standards

- Resolving any disagreements between the management and the external auditor regarding financial statements and accounting policies
- Ensuring clear lines of communication between the Committee, the external auditor, the head of internal audit, and management

Executive Management

Oriental Weavers is managed by a world-class executive team of industry veterans who have each served the company for over 20 years. The team has been instrumental in the company's long-term success, with each member contributing to developing the company into a flagship carpet and rug manufacturer on a global scale.

Executive Management

Members

Yasmine Mohamed Farid Khamis

Title

Chairwoman

Salah Abdel Aziz

CEO and Managing Director

Mohamed Mahmoud Fawzy Khamis

Managing Director of Development Affairs

Amr Mahmoud Fawzy Khamis

Managing Director of Manufacturing

Mohamed Katary Abdullah

Director of Financial Affairs

Hani Amin

Export Sales Director

Radwa Mostafa Kamel

Group Treasury and Budgeting Manager

Yasmine ElGohary

Investor Relations Manager

Shehta Farouk

Group Financial Controller

2021 Corporate Governance Highlights

Board Meetings

Board Members	Attendance
Yasmine Mohamed Farid Khamis	6/6
Salah Abdel Aziz Abdel Motalab	6/6
Farida Mohamed Farid Khamis	6/6
Mohamed Mahmoud Fawzy Khamis	6/6
Amr Mahmoud Fawzy Khamis	4/6
Mahmoud Amin Saad	5/6
Mohamed Katary Abdullah	6/6
Medhat Hussein	6/6
Hani Mahmoud Amin	1/6
Wadouda Abd El Rahman Badran	6/6
Seif El Din Awni	6/6
Khaled El Said Ahmed Mohamed	6/6
El-Sayed Moatasseim Ibrahim Rashed	6/6
Mohamed Mohamed Ali Amer	6/6
Mohamed Mohamed Farid Khamis	1/6

In 2021, the Board of Directors set the dates, procedures, and agendas for the General Assembly and discussed establishing new branches and shutting down a few others.

Changes to the Board of Directors

Throughout the year, Oriental Weavers' Board of Directors underwent several changes. Mr. Mahmoud Fawzy Khamis stepped down from his position, and Mr. Hani Mahmoud Amin was elected to join the Board.

Compliance

In 2021, Oriental Weavers set a strategic priority to develop a compliance program. In doing so, the company aims to focus on the necessary actions to prevent areas of risk, ensure internal procedures are aligned with applicable laws and regulations, and lead a firm commitment to embed rules that enhance an ethical culture.

As part of its compliance program, Oriental Weavers has adopted a new code of conduct that details the company's procedures and systems. This ensures that the company's practices are in-line with international agreements and national laws and regulations.

Alongside the code of conduct, Oriental Weavers has developed a new employee awareness campaign. This campaign was launched to provide training on company procedures regarding key topics, such as discrimination, conflicts of interest, insider trading, using business assets and information, fair dealings with employees, commercial partners, government authorities, and contact with the media and clients.

Additionally, and as a constituent element of the compliance program, employees at Oriental Weavers supply written compliance statements confirming their adherence to non-conflict and data privacy policies. They also complete compliance assessments to reaffirm a commitment to applicable laws and regulations. By doing so, this allows the early detection of any potential

risks and the necessary corrective measures to be taken to mitigate them.

All in all, Oriental Weavers' continued commitment to reviewing its policies and procedures aims to ensure clarity and efficiency across the company's functions and core operations.

Investor Relations

Oriental Weavers' Investor Relations (IR) department leverages an effective approach that integrates finance, marketing, and communication to oversee the transparency and access of information between the company, its investors, and its stakeholder base. The IR department works closely with senior management to ensure that investors are always informed about the company's current programs and future plans. Information is communicated through various channels, including conferences, meetings, press releases, and presentations, in addition to an updated IR website and a yearly annual report. Oriental Weavers understands the constantly changing landscape of markets and the ever-evolving needs of investors, and it aims to ensure that investors have the necessary information to make informed decisions in a timely manner.

Stock Performance

Code	ORWE.CA
Share Listing	Cairo, Egypt
Currency	EGP
Shares Outstanding	655,107,268
Par Value/Share	EGP 1

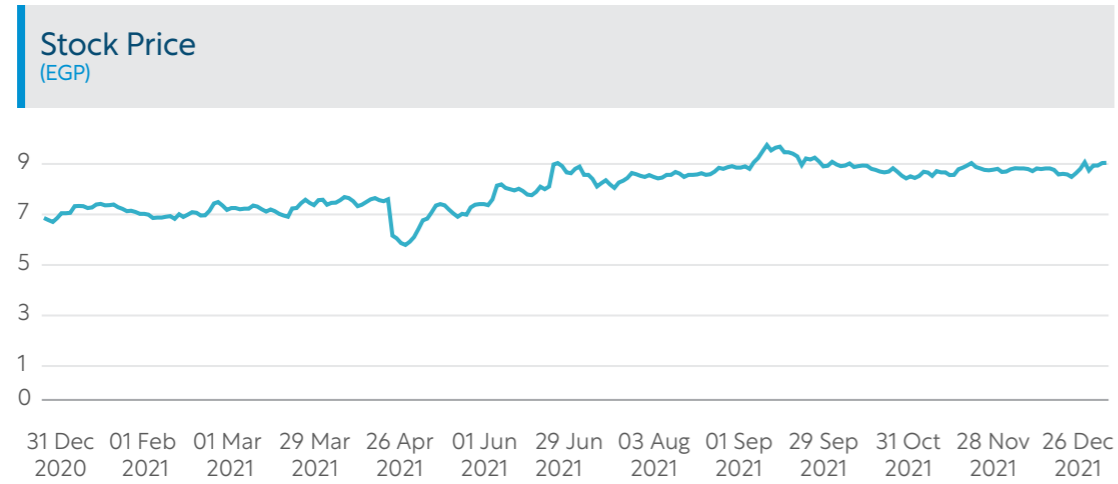
Oriental Weavers has been listed on the Egyptian Exchange (EGX) since 1993. As of 31 December 2021, the company's 665 million shares registered a price per share (PPS) of EGP 8.69 and a market capitalization of c. EGP 5.7 billion. Oriental Weavers is covered by leading domestic and international research houses. At present, eight institutions regularly issue research reports on the company.

During the year, key mandates by the Egyptian government contributed to bolstering the company's share price for the year. In June 2021, the Ministry of Trade and Industry announced the imposition of anti-dumping fees on imported Turkish machine-made rugs, ranging between 21.2% and 33.3%. This mandate enabled Oriental Weavers to capture a larger share in the local market, as Turkish imports of machine-made rugs previously contributed 94% to Egypt's total rug imports.

The second mandate came in September 2021 when the Egyptian government announced a new export rebate program with highly favorable rates to be applied on exports from July 2020 up until June 2023. Oriental Weavers expects to reap the rewards of this mandate, anticipating a higher collection of rebates in the future, which will significantly contribute to the company's profitability margins.

Navigating the Pandemic

Throughout 2021, Oriental Weavers' IR department continued to take part in local and international virtual investor conferences, with the participation of the senior management, meeting over 70 international and local investment funds. In 2021, Oriental Weavers ensured that its senior management and investors were regularly connected via quarterly conference calls and one-on-one meetings, which were held virtually due to the COVID-19 pandemic.



**FINANCIAL
STATEMENTS**



AUDITOR'S REPORT

To the shareholders of Oriental Weavers Carpets Company

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Oriental Weavers Carpets Company (S.A.E) which comprise of the consolidated statement of financial position as of December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Oriental Weavers Company - United States of America and Oriental Weavers Company - China. Which statements reflect total assets and revenues for these companies constituting 11.18% and 17.02% respectively, of the related to consolidated totals. The financial statements of Oriental Weavers Company-United States of America and Oriental Weavers Company - China were audited by other auditors whom issued unqualified audit reports dated February 17, 2022 and January 14, 2022 respectively. Our opinion, insofar as it relates to amounts included for these companies, is based on the reports of the other auditors.

Management responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Auditing Standards and in the light of prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oriental Weavers Carpets Company (S.A.E) as of December 31, 2021 and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in compliance with related Egyptian laws and regulations.

Emphasis of matter

Without qualifying our opinion, as described in Note No. (35) of the accompanying notes of the consolidated financial statements regarding significant events, Countries all over the world including Egypt have faced the spread of coronavirus which had a huge impact on the economy a whole. Most probably this will lead to a decrease in the Economical activities on the upcoming period. This may have a material impact on certain balance of the assets, liabilities and the operation outcome in the next period. It is not possible to calculate the effect of these events on the meantime. Hence, the information is solely based on the forecasting conducted for the time period that these events are occurring and when it is projected to end as well as the aftermath that follows.

Cairo: February 22, 2022

Tarek Salah

B.T. Wahid Abdel Ghaffar & Co.
Public Accountants & Consultants

Consolidated statement of financial position as of December 31, 2021

(All amounts are in Egyptian Pounds)

	Note No	31/12/2021	31/12/2020
Non-current assets			
Fixed assets	(6)	4 123 469 957	4 216 263 559
Projects in progress	(7)	251 524 502	141 219 818
Right of use assets	(8)	331 134 228	--
Investments at fair value through other comprehensive income	(9)	337 053 723	115 712 681
Total non-current assets		5 043 182 410	4 473 196 058
Current assets			
Inventory	(10)	4 214 763 998	3 195 002 920
Trades and notes receivable	(11)	1 964 652 995	1 723 532 941
Debtors and other debit accounts	(12)	420 710 870	353 421 603
Treasury bills	(13)	1 538 902 582	2 022 461 803
Cash at banks and on hand	(14)	984 323 081	903 944 836
Total current assets		9 123 353 526	8 198 364 103
Total assets		14 166 535 936	12 671 560 161
Equity			
Issued and paid-up capital	(16)	665 107 268	665 107 268
Reserves	(17)	1 626 905 765	1 487 171 611
Retained earnings		397 583 842	348 205 426
Net profit for the year		1 085 407 428	937 439 232
Exchange differences arising on translation of financial statements		3 541 296 155	3 545 557 360
Total equity attributable to the parent company		7 316 300 458	6 983 480 897
Non-controlling interest	(18)	940 682 319	947 070 136
Total equity		8 256 982 777	7 930 551 033
Non-current liabilities			
Long term loans	(19)	305 013 698	206 519 835
Housing and Development Bank loan	(20)	--	40 279
lease contracts liabilities	(21)	268 758 749	--
Deferred tax liabilities	(22)	165 253 853	144 480 747
Total non-current liabilities		739 026 300	351 040 861
Current liabilities			
Provisions	(23)	101 278 366	90 027 046
Banks-Credit accounts	(24)	3 029 042 301	2 466 304 868
lease contracts liabilities - current portion	(21)	87 148 255	--
Long term liabilities - current portion	(25)	122 141 496	99 495 787
Trades and notes payable	(26)	1 105 247 056	846 744 721
Dividends payable		15 902 661	9 804 780
Creditors and other credit accounts	(27)	585 177 706	741 977 979
Tax payable		124 589 018	135 613 086
Total current liabilities		5 170 526 859	4 389 968 267
Total liabilities		5 909 553 159	4 741 009 128
Total equity and liabilities		14 166 535 936	12 671 560 161

The accompanying notes from page (103) to page (129) form an integral part of these consolidated financial statements. Auditor's report attached.

Chairman
Yasmin Mohamed Farid Khamis

CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

Consolidated statement of income for the financial year ended December 31, 2021

(All amounts are in Egyptian Pounds)

	Note No	31/12/2021	31/12/2020
Net sales		11 403 371 207	9 484 628 928
Less:			
Cost of sales		9 569 279 743	8 176 729 195
Gross profit		1 834 091 464	1 307 899 733
Add / (less):			
Financial investments revenues		23 845 812	--
Capital gain		16 304 630	6 368 015
Other revenues		101 112 724	563 213 175
Treasury bills returns		167 073 038	131 346 570
Interest income		16 706 764	21 527 688
Distribution expenses		(155 609 036)	(141 533 109)
General and administrative expenses		(363 085 879)	(326 497 397)
Provisions no longer needed		3 722 564	--
Reverse of expected credit loss		4 751 904	--
Formed provisions and impairment		(36 973 097)	(225 845 613)
Finance expenses	(28)	(197 049 021)	(104 079 183)
Foreign exchange differences		(20 692 597)	37 224 542
Net profit for the year before income tax		1 394 199 270	1 269 624 421
(Less):			
Current income tax		(162 752 974)	(154 679 705)
Deferred tax		(20 751 896)	(3 007 834)
Income tax for the year		(183 504 870)	(157 687 539)
Net profit for the year after income tax		1 210 694 400	1 111 936 882
Attributable to:			
The parent company		1 085 407 428	937 439 232
Non-controlling interest		125 286 972	174 497 650
		1 210 694 400	1 111 936 882
Basic earnings per share in the separate financial statements	(29)	1.19	0.75

The accompanying notes from page (103) to page (129) form an integral part of these consolidated financial statements.

Chairman
Yasmin Mohamed Farid Khamis

CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

Consolidated statement of comprehensive income

for the financial year ended December 31, 2021

(All amounts are in Egyptian Pounds)

	31/12/2021	31/12/2020
Net profit for the year	1 210 694 400	1 111 936 882
Other comprehensive income		
Changes in fair value of investments	98 414 585	(86 151)
Translation exchange differences	(4 619 922)	(100 691 073)
Total other comprehensive (loss) after tax	93 794 663	(100 777 224)
Total comprehensive income for the year	1 304 489 063	1 011 159 658
Attributable to:		
The parent company	1 179 521 527	848 277 765
Non-controlling interest	124 967 536	162 881 893
	1 304 489 063	1 011 159 658

The accompanying notes from page (103) to page (129) form an integral part of these consolidated financial statements.

Chairman
Yasmin Mohamed Farid Khamis

CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

Consolidated statement of changes in equity for the financial year ended December 31, 2021 (All amounts are in Egyptian Pounds)

	Issued and paid up capital	Reserves	Retained earnings	Net profit	Translation differences	Equity holders of the parent	Non controlling interest	Total equity
Balance at 1/1/2020	443 404 845	1 665 292 366	210 068 714	774 770 772	3 634 647 595	6 728 184 292	823 849 414	7 552 033 706
Transfer to capital increase from reserves	221 702 423	(221 702 423)	--	--	--	--	--	--
Transferred to reserves	--	43 652 900	--	(43 652 900)	--	--	--	--
Transferred to retained earnings	--	--	731 117 872	(731 117 872)	--	--	--	--
Dividends	--	--	(592 981 160)	--	--	(592 981 160)	(39 661 171)	(632 642 331)
Total Comprehensive income for the year	--	(71 232)	--	937 439 232	(89 090 235)	848 277 765	162 881 893	1 011 159 658
Balance at 31/12/2020	665 107 268	1 487 171 611	348 205 426	937 439 232	3 545 557 360	6 983 480 897	947 070 136	7 930 551 033
Balance at 1/1/2021 as previously issued	665 107 268	1 487 171 611	348 205 426	937 439 232	3 545 557 360	6 983 480 897	947 070 135	7 930 551 032
Effect of the new Egyptian Accounting Standard No. (47) "Financial Instruments	--	--	(2 162 429)	--	--	(2 162 429)	(2 308 375)	(4 470 804)
Balance at 1/1/2021 - restated	665 107 268	1 487 171 611	346 042 997	937 439 232	3 545 557 360	6 981 318 468	944 761 760	7 926 080 228
Transferred to reserves	--	41 358 850	--	(41 358 850)	--	--	--	--
Transferred to retained earnings	--	--	896 080 382	(896 080 382)	--	--	--	--
Dividends	--	--	(841 777 607)	--	--	(841 777 607)	(128 469 097)	(970 246 704)
Adjustments related to consolidated statements	--	--	(2 761 930)	--	--	(2 761 930)	(577 880)	(3 339 810)
Total Comprehensive income for the year	--	98 375 304	--	1 085 407 428	(4 261 205)	1 179 521 527	124 967 536	1 304 489 063
Balance at 31/12/2021	665 107 268	1 626 905 765	397 583 842	1 085 407 428	3 541 296 155	7 316 300 458	940 682 319	8 256 982 777

The accompanying notes from page (103) to page (129) form an integral part of these consolidated financial statements.

Chairman
Yasmin Mohamed Farid Khamis

CEO
Salah Abdel Aziz Abdel Moteleb

CFO & Board Member
Mohamed Kattary Abdallah

Consolidated statement of cashflow for the financial year ended December 31, 2021

(All amounts are in Egyptian Pounds)

	Note No	31/12/2021	31/12/2020
Cash flows from operating activities			
Net profit for the year before income tax		1 394 199 270	1 269 624 421
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		531 705 690	538 185 472
Depreciation of right of use assets		84 970 803	--
Formed provisions and impairment		36 973 097	225 845 613
Reverse of expected credit loss		(4 751 904)	--
Provision no longer needed		(3 722 564)	--
Interest income		(16 706 764)	(21 527 688)
Finance expenses		197 049 021	104 079 183
Financial investments revenues		(23 845 812)	--
Capital (gain)		(16 304 630)	(6 368 015)
Operating profits before changes in working capital		2 179 566 207	2 109 838 986
Change in:			
Inventory		(1 021 445 119)	108 601 342
Trades and notes receivable and debit accounts		(366 344 227)	(272 737 036)
Trades and notes payable and credit accounts		74 900 447	159 125 986
Cash flows provided by operating activities		866 677 308	2 104 829 278
Proceeds from interest income		16 706 764	21 527 688
Finance expenses paid		(197 049 021)	(104 079 183)
Income tax paid		(116 629 531)	(74 677 634)
Net cash flows provided by operating activities		569 705 520	1 947 600 149
Cash flows from investing activities			
(Payments) for purchase of fixed assets and projects in progress		(566 137 487)	(274 837 317)
(Payments) for financial investments		(123 038 058)	--
Proceeds from financial investments		23 845 812	10 341 527
Proceeds from sale of fixed assets		31 399 551	--
Proceeds (payments) to treasury bills due more than three months		287 827 835	(823 504 021)
Net cash flows (used in) investing activities		(346 102 348)	(1 087 999 811)
Cash flows from financing activities			
Proceeds from banks-credit accounts		564 570 614	601 747 283
Dividends paid and payments for non controlling interest		(964 148 827)	(630 636 924)
Lease contracts liabilities paid		(60 198 027)	--
Exchange differences arising from translation of financial statements		14 843 884	(3 574 625)
Proceeds (payments) to long term loans		121 251 599	(29 538 127)
Net cash flows (used in) financing activities		(323 680 757)	(62 002 393)
Net change in cash and cash equivalents during the year		(100 077 585)	797 597 945
Cash and cash equivalents at the beginning of the year		1 469 562 951	676 892 984
Translation exchange differences related to cash and cash equivalents		(747 799)	(4 927 978)
Cash and cash equivalents at end of the year represents in:		1 368 737 567	1 469 562 951
Cash and cash equivalents	(14)	984 337 426	890 842 296
Treasury bills	(13)	1 538 902 582	2 022 461 803
Treasury bills due more than three months		(1 154 502 441)	(1 443 741 148)
Cash and cash equivalents		1 368 737 567	1 469 562 951

The amounts of LE 18 797 127 of the working capital items, LE 2 594 933 of the investment activities, LE (2 286 971) of the financing activities has been eliminated against the amount of LE 19 105 089 of the translation differences.

The accompanying notes from page (103) to page (129) form an integral part of these consolidated financial statements.

Chairman	CEO	CFO & Board Member
Yasmin Mohamed Farid Khamis	Salah Abdel Aziz Abdel Moteleb	Mohamed Kattary Abdallah

Notes to the consolidated financial statements

for the financial year ended December 31, 2021

(All amounts in Egyptian Pounds unless otherwise stated)

1. Background information

1.1. Oriental Weavers Carpets Company was established in November 16, 1981 as a Limited Liability Company according to Law No. 43 of 1974 which was replaced by Law No.32 of 1977. On November 2, 1991 the Legal status of the company was changed to be an Egyptian Joint Stock Company (S.A.E) under Law No. 230 of 1989 and Law No. 95 of 1992.

1.2. Commercial Register

Commercial Register No 44139 dated November 16, 1981.

1.3. Company's objective

- Production of machine-made carpets and semi hand-woven carpets (Hand-Tuft), marketing and selling them domestically, export and import the machinery and equipment and raw materials necessary for the production.
- Toll manufacturing for other parties and at other parties.
- Supplying, installing and maintaining of all types of woven carpets and carpets, and purchasing, importing and supplying all installation and maintenance supplies.
- Importing all types of carpets, woven and non-woven semi-finished materials from the country or abroad, complete their production, processing, and then re-market and sell them domestically and abroad.
- Manufacturing, selling and exporting all kinds of natural and industrial raw materials which are necessary for the manufacturing of carpets, whether in the form of yarn or in the form of materials needed to produce the yarn, as well as importing all the necessary needs to achieve this purpose.
- Importing all machine-made and hand-made rugs and the accessories complementary to its product mix from Egypt or from outside the country for the purpose of marketing and selling them domestically.

1.4. Company Life time is 25 years start from November 15, 2006 to November 14, 2031.

1.5. The Company is listed in Egyptian exchange.

1.6. Company's Headquarter

The Company located at Tenth of Ramadan city – Industrial zone – Sharkia.

2. Basis of preparation of consolidated financial statements

2.1. New and revised Egyptian Accounting Standards in issue but not yet effective

- The Minister of Investment’s decree No. (69) Of 2019 was issued on March 18, 2019. It has been decided to issue new standards and replace and withdraw certain Egyptian Accounting Standards, and it shall be effective for the financial periods that start at or after January 1, 2020.

On April 12, 2020, the Financial Regulatory Authority has issued a statement postponing the application of the new Egyptian Accounting Standards and the accompanying amendments issued in Resolution No. 69 of 2019 to the interim financial statements that will be issued during the year 2020 due to the current circumstances the country is going through from the spread of the new Coronavirus and the economic and financial implications associated with it.

And companies should apply these standards and that amendments to the annual financial statements at the end of 2020 by include the cumulative effect at the end of 2020 with companies' commitment to adequately disclose in their interim financial statements during 2020 about this fact and its accounting effects, if any.

On September 20, 2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the application of accounting standards No. (47) - Financial instruments and (48) - Revenue from contracts with customers and (49) - Leasing contracts for the financial year that starts from January 1, 2021.

On May 9, 2021, the Financial Regulatory Authority issued a statement to allow postponing the presentation of the accounting impact of the application of the standard (47) financial instruments in the interim financial statements until a date no later than the date of preparing the financial statements at the end of 2021. And it agreed that the entire cumulative accounting impact of the application of Standard No. (47) Financial Instruments will be included from January 1, 2021 until December 31, 2021, with companies obligated to adequately disclose this.

The following are the most significant amendments that have an impact on the company's financial statements at the beginning of implementation:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
<p>1-The new Egyptian Accounting Standard No. (47) "Financial Instruments"</p>	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3-When measuring the impairment of financial assets, the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4-based on the requirements of this standard the following standards were amended:</p> <ul style="list-style-type: none"> • Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] • Egyptian Accounting Standard No. (4) "Statement of Cash Flows". • Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. • Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". • Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures " 	<p>The management has applied the standard from the financial period ended December 31, 2021, and the impact of the application of the standard has been presented in Note No. (15)</p>

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	<p>1-The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall not be applied:</p> <p>a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</p> <p>2-For revenue recognition, Control Model is used instead of Risk and Rewards Model. 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</p> <p>4-the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5-Expanding in the presentation and disclosure requirements</p>	The management has applied the standard from the financial period ended December 31, 2021.
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	<p>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</p> <p>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.</p> <p>3-As for the lessor, the company shall classify each lease contract, either as an operating lease or a finance lease contract.</p> <p>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 with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>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</p>	The management has applied the standard from the financial period ended December 31, 2021, and the impact of the application of the standard
Egyptian Accounting Standard No. (22) as amended "Earnings per Share"	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The management has applied the standard, and the impact of the application of the standard has been presented in Note No. (29)
Egyptian Accounting Standard No. (4) as amended "Statement of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.	The Management has implemented the standard for the financial year started January 1, 2021.

2.2 Statement of compliance

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and in the light of Egyptian laws and regulations.
- The Egyptian Accounting Standards requires refer to the International Financial Reporting Standards when no Egyptian accounting standard or legal requirements illustrate how to treat specific balances or transaction.
- 2-3 Basis of measurement
- The consolidated financial statements have been prepared using historical cost, modified by the results of revaluation differences of financial assets and liabilities at fair value through profit and loss as shown in the accounting policies mentioned below.

3. Use of judgments and estimates

- The preparation of consolidated financial statements according to the Egyptian Accounting Standard requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates. The note no. (5) From the notes of the financial statements indicates the items and the elements that have significant accounting estimates.
- Estimates and underlying assumption 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.

3.1 Fair Value Measurement

- The fair value of the financial instruments is determined based on the quoted price for the financial instrument or similar instruments at the financial statement date. The financial assets value is determined based on current purchase price for these assets; while the financial liabilities value is determined based on current prices for which these liabilities settled.
- In the absence of an active market, the fair value is determined using various valuation techniques taking into consideration the transactions recent prices, current fair value for the other similar instruments substantially, discounted cash flows or any other valuation technique which resulting in reliable values.
- When using the discounted cash flow method as a valuation technique, the future cash flows are estimated based on management's best estimates. The discount rate used is determined in the light of the prevailing market price at the date of the financial statements of financial instruments are similar in nature and terms.

4. Scope of consolidated financial statements

- Consolidated Financial Statements include companies in which Oriental Weavers Carpets Company participates in their capitals and has control thereon.
- Subsidiaries included in the consolidated financial statements are as follows: -

Subsidiary name	Percentage of participations	Percentage of participations
	31/12/2021	31/12/2020
	%	%
Oriental Weavers Co. U.S.A.	82.68	82.68
Oriental Weavers International Co.	99.99	99.99
MAC Carpet Mills	58.29	58.29
Egyptian Fibers Co. EFCO	67.87	67.87
Oriental Weavers Co.- China*	99.63	99.63
New Mac	52.02	52.02
Oriental Weavers Textile	71.44	71.44

*Based on the decision of the Board of Directors dated December 7, 2021, it was approved to delegate the executive management to study the position of the Oriental Weavers Co. - China in the light of the company's results for the future period to take the decision either to sell or liquidate and to presented to the Board of Directors.

5. Significant accounting policies

5.1. Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

A. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

B. Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

C. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss, any interest retained in the former subsidiary is measured at fair value when control is lost.

D. Transactions eliminated in consolidation

- Consolidated current financial position are prepared by combining similar items of assets, liabilities, equity, revenues and expenses stated in the financial statements of the holding company and its subsidiaries.
- The carrying amount of the holding company's investment in each subsidiary and the holding company's portion in the equity of each subsidiary are eliminated.
- All inter-company balances, transactions, and material unrealized gains are eliminated.

5-2 Foreign currency Translation

a. Presentation and Transaction Currency

The Financial Statements are presented in Egyptian pound which represents the company presentation and transaction currency.

b. Transaction and Balances

Transactions denominated in foreign currencies are recorded at the prevailing exchange rates at the date of the transaction. At consolidated financial position date monetary assets and liabilities denominated in foreign currencies are revaluated at the exchange rates declared by the company's bank and its subsidiaries' bank at that date.

Assets and liabilities items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

Non-monetary items that are measured at historical cost in a foreign currency shall be translated using the exchange rates at the date of transaction.

Generally, the exchange differences are recorded in the consolidated income statement for the year.

c. Translation of Financial Statements of Foreign Companies

Some of the subsidiaries maintain their books of accounts in foreign currency other than Egyptian Pounds. Monetary assets and liabilities of these companies are translated into Egyptian Pound at the Foreign exchange rate at the date of consolidated financial position. Shareholders' equity items are translated at the foreign exchange rate prevailing at the consolidation date. Consolidated income statement items are translated at the average foreign exchange rate of the reporting period.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

5.3. Fixed Assets and Depreciation**a. Recognition and Initial Measurement**

Fixed assets are recognized initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses-if exist.

b. Subsequent Cost

The Company recognizes the carrying amount of Parts of some Items of Fixed assets may require replacement, the cost of replacing part of such an item is recognized when criteria are met and after de-recognition the carrying amount of those parts that are replaced and when replacement have probable future economic benefits and can be measured reliable, any other costs are recognize at income statement.

c. Depreciation

Depreciable value is determined based on fixed asset cost less its residual value. Residual value is representing the net value resulting from dispose-off the asset, if the asset were in its condition after its useful life.

Depreciation of assets is charged in the income statement on a straight-line basis over the estimated useful lives of each part of fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Description	Estimated useful life (Year)
Buildings & Constructions	25-50
Machinery & Equipment	10
Vehicles	5-8
Tools & Supplies	5
Show-room Fixture	3
Furniture & office equipment	5-10
Computers & programs	3

Useful lives, depreciation method and residual value of assets are reviewed annually, and amendments are applied if there is a significant change in the earning of the economic benefits generated from these assets.

5.4. Projects in Progress

Projects in progress are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use.

Projects in progress are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

5.5. Financial assets

Policy applied from the fiscal year ending on December 31, 2021

Equity investments at fair value through other comprehensive income

In initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument- by-instrument basis.

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

Policy applied before the fiscal year ending December 31, 2021

Financial assets available for sale

Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value (Except for the investments that do not have a quoted price in an active market, which shall be measured at cost less impairment loss) and changes therein, other than impairment losses and foreign currency differences on debt instrument, are recognized in other comprehensive income and accumulated in the fair value reserve.

When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or losses. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment losses previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increase and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss.

The impairment loss that recognized in profit or loss for the equity instruments classified as available for sale is not reversed to profit or loss.

5.6. Goodwill

Goodwill is measured as the excess of the consideration transferred and the amount of any non-controlling interest in the acquire and the acquisition date fair value of the acquirer's previously held equity interest in the acquire in a business combination achieved in stages over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is reviewed on regular basis; an impairment loss of goodwill is recognized if the carrying amount of the asset or its cash generating unit is exceeds its recoverable amount.

5.7. Inventory

Inventory is valued at the end of the year at which is lower of cost or net realizable value according to the following basis:

- Raw materials, Spare parts, packaging materials, are determined using the moving average method.
- Cost of work in process is determined at industrial cost which include materials used in its production and direct wages in addition to its related direct and indirect industrial expenses up to the production stage that have been reached.
- Cost of finished products at which is lower of cost or net realizable value includes all the direct and indirect industrial expenses.

5.8. Leases

The Egyptian Standard "Lease Contracts" No. (49) sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An entity shall determine the lease term as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

Fixed payments, including in-substance fixed payments;

Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

Amounts expected to be payable under a residual value guarantee;

and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

5.9. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset shall be capitalized. Capitalization of interest and commission should be ceased when the assets are substantially ready for intended use.

Other borrowing costs shall recognize as an expense in the period in which it incurs them in the finance expenses account using the effective interest rate method.

Capitalization of borrowing costs should be suspended during extended periods in which it suspends active development of a qualifying asset. Capitalization of borrowing costs should be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

5.10. Debtors and other debit accounts

Debtors and other debit accounts are stated at amortization cost using the effective interest rate less impairment loss of any amounts expected to be uncollected, and are classified as current assets. Amounts that are expected to be collected after more than one year are classified as non-current assets.

5.11. Treasury Bills

Treasury Bills are recorded at face value, where the unearned revenue is recorded in the liabilities, accordingly the net treasury bills presented after deducting the unearned revenue.

5.12. Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, and it is probable that an out flow of economic benefits will be required to settle the obligation, and the obligation can be reasonably estimated, and if there is a significant effect of the monetary time value, the provisions are determined after deduction of future cash flow that are related to the obligation of payment by using the relevant deduction rate to take this effect into consideration. Provisions are reviewed at the financial position date and amended when necessary to reflect the best current estimate.

5.13. Revenue from contract with customers

Policy applied from the fiscal year ending on December 31, 2021

An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such transfer.

The company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS (15) and is given below:

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation;

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.

The company satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the entity's performance once the company has performed.

Company performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.

The performance of the company does not create an asset with an alternative use for the company, and that the company has an enforceable right to payment for performance completed to date.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the company fulfils the performance obligation by providing the services that have been promised, this creates an asset based on a contract in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees. The company reviews its revenue arrangements against specific criteria to ascertain whether it is acting as principal or agent.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that revenue and costs, where applicable, can be measured reliably.

Policy applied before the fiscal year ending on December 31, 2021

Revenue is recognized when it is probable that the economic benefits associated with the transaction will inflow to the entity and the amount of revenue can be measured reliably. Revenue shall be measured at the fair value of the consideration received or receivable less the amount of any trade discounts, volume rebates by the entity, sales tax or fees.

Revenue from sales is recognized when goods- related rewards and risks are transferred to the buyer upon the delivery of the products and invoicing.

Interest income is recognized in the income statement using the effective interest method. The effective interest method is used for discounting the expected future cash flows and allocating the related interest income over the maturity period. The effective interest is calculated taking in consideration the contractual arrangements.

Income from available for sale investment is recognized when the cash distribution declared by the Investee Company and received.

5.14. Dividends and interest income

- Income from investments is recognized when the cash distribution declared by the Investee Company and received.
- Interest income is recognized in the income statement using the effective interest method. The effective interest method is used for discounting the expected future cash flows and allocating the related interest income over the maturity period. The effective interest is calculated taking in consideration the contractual arrangements.

5.15. Legal reserve

According to the company's statutes the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual net profit until it reaches 50% of the issued share capital.

5.16. Treasury shares

Treasury shares are stated at cost, and shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Gain or loss on the dispose of the shares shall be recognized directly in equity.

5.17. Impairment

Policy applied after the fiscal year ended on December 31, 2021

A. Financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by EAS 47, which requires expected lifetime losses to be recognized over the expected life of a financial instrument.

B. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non- financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU s. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Policy applied before the fiscal year ended on December 31, 2021

A. Financial assets

The financial assets are impaired if there is objective evidence indicates that there is one or more event which has a negative impact on the estimated future cash flows from using of the asset.

The amount of the impairment loss of the financial assets carried at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the impairment loss of the financial assets available for sale is measured using the prevailing fair value.

All individually significant financial assets are individually assessed for impairment and for other financial assets that are in groups in the light of credit risk characteristics are collectively assessed for impairment, collective assessment is carried out by grouping together assets with similar credit risk characteristics.

All impairment losses are recognized in income statement, impairment loss on available for sale investment are recognized by reclassifying the losses accumulated in the equity to income statement if the decline in value indicates the occurrence of impairment. The impairment loss is reversed if it can be related objectively to an event occurring after the impairment loss was recognized. For the financial assets carried at amortized cost and the financial assets which considered debt instruments the impairment is reversed in the income statement and for the financial assets available for sale which is considered equity instruments the impairment is reversed directly in equity.

B. Non-Financial assets

At each financial statement date, the company reviews the carrying amounts of its non-financial assets other than the investment properties, inventory and deferred tax assets, if any to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount, cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, impairment loss are recognized in income statement.

The recoverable amount of an assets or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 assets or cash generating unit.

Impairment losses of the other assets that are recognized in the previous years are reviewed at the financial statements date to determine whether there is any indication of impairment.

An impairment loss is reversed if there is change in estimates used in determining of the recoverable value. An impairment loss is reversed only to extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.18. Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except for the extent that it relates to items outside profit or loss which is recorded whether in other comprehensive income or recorded directly in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the consolidated financial position date, and any adjustment to tax payable in respect of previous year. Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amount used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against extent that it is no longer probable that the related tax benefit will realize.

5.19. Employees' pension

A. Social Insurance and pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law no 79 of 1975 and its modifications. Limited Contributions are charged to income statement using the accrual basis of accounting.

B. Employees' profit share

The Company contributes an employees' profit share of 10% from net profit for the year after deducting the legal reserve and the accumulated losses, if any, not to exceed the total salaries for the year and the employees' profit share is recognized as liabilities when it is approved by the general assembly.

5.20. Contingent liabilities and commitments

Contingent liabilities and commitments shown out of the financial position as it is not represented actual assets or liabilities at the financial position date.

5.21. Related parties' transactions

Transactions with Related parties that are undertaken by the Company in the course of its ordinary transactions are recorded according to the conditions laid down by the company's management on the same bases of dealing with third party.

5.22. Cash flow statement

Consolidated Cash flow statement is prepared using the indirect method.

For purpose of preparing the consolidated statement of cash flows, Cash and cash equivalents include cash, time deposits for a period not more than three months and treasury bills for a period not more than three months.

5.23. Comparative Figures

Comparative figures are reclassified whenever necessary to confirm with the current classification in the current year.

6. Fixed assets

	Land	Buildings & Constructions	Machinery & equipment	Vehicles	Supplies	Tools & Showrooms	Furniture & office equipment	Computers	Total
Cost as of 1/1/2020	690 662 767	2 847 477 605	8 433 616 033	265 370 644	131 679 883	110 999 833	137 144 858	226 485 468	12 843 437 091
Additions	127 118	7 981 367	284 598 919	16 540 588	5 904 300	11 830 986	3 301 217	13 205 587	343 490 082
Disposals	--	(4 304 232)	(8 309 041)	(5 908 107)	(264 878)	--	--	--	(18 786 258)
Translation exchange differences	(8 188 158)	(33 020 536)	(119 908 785)	(3 663 005)	(1 191 973)	(18 559)	(1 422 306)	(3 368 103)	(170 781 425)
Cost as of 31/12/2020	682 601 727	2 818 134 204	8 589 997 126	272 340 120	136 127 332	122 812 260	139 023 769	236 322 952	12 997 359 490
Additions	40 679 578	16 044 946	350 373 699	6 533 852	9 797 568	9 657 832	4 587 398	18 097 123	455 771 996
Disposals	--	(10 035 975)	(160 222 316)	(5 237 814)	(1 306 522)	--	(1 714 829)	(290 926)	(178 808 382)
Translation exchange differences	(538 230)	(790 439)	(1 830 821)	(224 889)	(23 964)	(1 492)	(78 273)	(198 104)	(3 686 212)
Cost as of 31/12/2021	722 743 075	2 823 352 736	8 778 317 688	273 411 269	144 594 414	132 468 600	141 818 065	253 931 045	13 270 636 892
Accumulated depreciation and impairment as of 1/1/2020	--	1 162 059 531	6 553 176 149	228 326 823	106 561 447	59 783 560	101 404 479	158 200 015	8 369 512 004
Depreciation of year	--	101 839 688	359 904 606	14 042 420	7 762 885	19 511 907	5 752 991	29 370 975	538 185 472
Impairment losses during the year	--	--	6 512 838	--	--	--	--	--	6 512 838
Disposals of accumulated depreciation	--	(1 537 713)	(7 168 381)	(5 841 774)	(264 878)	--	--	--	(14 812 746)
Translation exchange differences	--	(14 743 893)	(96 120 682)	(3 059 578)	(1 025 185)	(2 644)	(1 132 275)	(2 217 380)	(118 301 637)
Accumulated depreciation and impairment as of 31/12/2020	--	1 247 617 613	6 816 304 530	233 467 891	113 034 269	79 292 823	106 025 195	185 353 610	8 781 095 931
Depreciation of year	--	101 561 867	356 563 505	9 446 951	8 094 620	21 554 711	5 729 728	28 754 308	531 705 690
Disposals of accumulated depreciation	--	(6 930 284)	(148 783 070)	(4 995 344)	(1 099 902)	--	(1 643 601)	(261 260)	(163 713 461)
Translation exchange differences	--	(413 843)	(1 079 237)	(186 036)	(26 415)	-617	(63 268)	(151 809)	(1 921 225)
Accumulated depreciation and impairment as of 31/12/2021	--	1 341 835 353	7 023 005 728	237 733 462	120 002 572	100 846 917	110 048 054	213 694 849	9 147 166 935
Net book value as of 31/12/2021	722 743 075	1 481 517 383	1 755 311 960	35 677 807	24 591 842	31 621 683	31 770 011	40 236 196	4 123 469 957
Net book value as of 31/12/2020	682 601 727	1 570 516 591	1 773 692 596	38 872 229	23 093 063	43 519 437	32 998 574	50 969 342	4 216 263 559

7. Projects in progress

	31/12/2021	31/12/2020
Buildings under Construction	87 072 164	58 327 888
Machinery & Equipment under installation	9 773 036	11 389 089
Computer systems	--	9 102 609
Letters of credit for purchasing of assets	80 345 771	--
Advance payment for purchasing of Fixed assets	74 333 531	62 400 232
	251 524 502	141 219 818

8. Right use of assets

	Showroom rent	Oriental weavers USA - rental	Total
Cost at 1/1/2021	--	--	--
The effect of applying the Egyptian Accounting Standard No. (49)	328 920 475	121 891 610	450 812 085
Cost at 31/12/2021	328 920 475	121 891 610	450 812 085
Accumulated depreciation at 1/1/2021	--	--	--
The effect of applying the Egyptian Accounting Standard No. (49)	59 080 522	60 597 335	119 677 857
Accumulated depreciation at 31/12/2021	59 080 522	60 597 335	119 677 857
Net book value at 31/12/2021	269 839 953	61 294 275	331 134 228

9. Investments at fair value through other comprehensive income

Unlisted investments at Egyptian Exchange	Balance as of 31/12/2021	Balance as of 31/12/2020
Egyptian Propylene & Polypropylene Company "E.P. P"	319 502 686	98 353 755
Alahli Bank of Kuwait- Egypt	12 639 818	12 639 818
Oriental for Industrial Development	4 200 000	4 200 000
Prudential company – U.S. A	707 465	515 358
Cambridge Weavers (under liquidation)	3 750	3 750
Trading for Development Export*	1	1
10th of Ramadan for Spinning Industries (under liquidation) *	1	1
Modern Spinning Company (under liquidation) *	1	1
Egyptian for Trade and Marketing*	1	1
	337 053 723	115 712 681

During the year, Oriental Weavers International "a subsidiary company" has purchased 38,906 shares of the Egyptian Propylene and Polypropylene for an amount of USD 7,799,115, equivalent to an amount of EGP 122,877,397, the shareholding percentage become 3.66% (2020: 2.25%).

10. Inventory

	31/12/2021	31/12/2020
Raw materials	1 588 196 340	1 257 765 231
Spare parts & materials	277 174 302	287 704 579
Work in process	177 970 704	129 976 110
Finished products	2 050 228 392	1 379 471 741
Letter of credit for purchasing of raw materials	122 982 796	141 876 198
	4 216 552 534	3 196 793 859
Less: Impairment in inventory	(1 788 536)	(1 790 939)
	4 214 763 998	3 195 002 920

11. Trades & notes receivable

	31/12/2021	31/12/2020
Trades receivables	1 854 416 372	1 584 593 035
Notes receivables	309 300 504	361 723 888
	2 163 716 876	1 946 316 923
(Less): Expected credit loss – Note No (15)	199 063 881	222 783 982
	1 964 652 995	1 723 532 941

-Trades & Notes Receivable include amount of LE 10 187 011 due from related parties at December 31, 2021 result from sales of carpets.

12. Debtors and other debit accounts

	31/12/2021	31/12/2020
Prepaid expenses	22 973 515	32 296 705
Tax authority – debit accounts	265 420 588	133 353 549
Deposits with others	48 011 821	46 109 836
Accrued revenues	2 353 110	577 893
Letter of guarantee & letter of credit – cash margin	5 800 778	6 232 281
Petty cash & advance to employees	13 709 256	5 197 076
Suppliers – advance payment	51 513 998	114 929 916
Other debit accounts	20 867 593	22 684 188
	430 650 659	361 381 444
(Less):		
(Less): Expected credit loss – Note No (15)	(9 939 789)	(7 959 841)
	420 721 870	353 421 603

13. Treasury bills

	31/12/2021	31/12/2020
Treasury bills (mature in 90 days)	393 318 571	587 136 532
Treasury bills (mature in more than 90 days)	1 209 426 158	1 517 982 805
Less:	1 602 744 729	2 105 119 337
Unrealized returns	(63 130 174)	(82 657 534)
	1 539 614 555	2 022 461 803
(Less): Expected credit loss – Note No (15)	(711 973)	-
	1 538 902 582	2 022 461 803

14. Cash and cash equivalents

	31/12/2021	31/12/2020
Banks – Time deposits	255 308 091	314 997 833
Banks – Current accounts	713 747 137	585 225 743
Checks under collection	-	50 000
Cash on hand	15 362 809	3 671 260
Cash at banks and on hand	984 418 037	903 944 836
Less:		
(Less): Expected credit loss – Note No (15)	(94 956)	-
	984 323 081	903 944 836

Cash and cash equivalents for cash flows statement purposes

Cash in banks and the fund before the expected credit loss	984 418 037	903 944 836
Term deposits held as security for part of the credit facilities granted to the group	(80 611)	(77 370)
Amounts held by bank in favour of the Customs Authority	-	(13 025 170)
Cash at banks and on hand	984 337 426	890 842 296
Add: Treasury bills with maturity of 90 days	384 400 141	578 720 655

Cash and cash equivalents for cash flows statement purposes

	1 368 737 567	1 469 562 951
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15. Expected credit loss

	Trade receivables	Debtors & other debit balances	Treasury Bills	Cash & cash equivalent	Total
Provision balance at 1/1/2021	222 783 982	7 959 841	-	-	230 743 823
Effect of EAS (47) "financial instruments" at 1-Jan 2021 Retained earnings	3 449 786	69 700	850 717	100 601	4 470 804
Provision at 1/1/2021 restated	226 233 768	8 029 541	850 717	100 601	235 214 627
Charge to statement of income	(7 520 934)	2 910 745	(136 666)	(5 049)	(4 751 904)
Used	(17 314 294)	(1 000 166)	-	-	(18 314 460)
Translation differences	(2 334 659)	(331)	(2 078)	(596)	(2 337 664)
Provision balance at 31/12/2021	199 063 881	9 939 789	711 973	94 956	209 810 599

16. Issued and paid-up capital

16.1. The company's authorized capital is determined to be L.E 1 000 000 000 (one billion Egyptian pounds).

16.2. The Issued capital is LE 443 404 845 (only four hundred forty-three million and four hundred four thousand and eight hundred forty-five Egyptian pounds) distributed over 443 404 845 shares which LE 421 808 045 (only four hundred twenty-one million and eight hundred eight thousand and forty-five Egyptian pounds) are cash shares and 21 596 800 (only twenty-one million and five hundred ninety-six thousand and eight hundred Egyptian pounds) are in-kind shares at a value of LE 1 each.

16.3. According to the General Assembly meeting held on April 17, 2019 it was unanimously approved to increase the issued capital from reserves by L.E 221 702 423 through distribution of bonus shares by one share for every two shares and it was registered in the Commercial Register on February 18, 2020. The number of shares become 665 107 268 shares with a par value of LE 665 107 268.

16.4. The company's shares are centrally kept at Misr for Central Clearing, Depository and Registry Co. and those shares are traded in Egyptian exchange.

17. Reserves

	31/12/2021	31/12/2020
Legal reserve	1 174 669 517	1 138 835 482
General reserve	74 488 537	74 488 537
Special reserve	59 973 828	59 973 828
Net assets revaluation reserve	65 767 458	65 767 458
Capital reserve	152 593 444	147 068 628
Unrealized gain from available for sale investments	99 412 981	1 037 678
	1 626 905 765	1 487 171 611

18. Non-Controlling interest

	Non controlling interest in Equity	Non controlling interest in comprehensive income	Balance as of 2021/12/31	Balance as of 2020/12/31
Oriental Weavers international Co (O.W.I)	198 941	39 450	238 391	222 777
MAC Carpet Mills	335 759 646	50 623 396	386 383 042	397 242 637
Egyptian Fibres Co. EFCO	105 182 320	42 846 540	148 028 860	134 185 006
Oriental Weavers – China	74 714	(154 938)	(80 224)	74 714
New MAC	2 473 247	1 526 008	3 999 255	4 418 364
Oriental Weavers Textile	246 848 428	32 262 895	279 111 323	285 171 263
Oriental Weavers Co. U.S.A.	125 177 487	(2 175 815)	123 001 672	125 755 374
	815 714 783	124 967 536	940 682 319	947 070 135

19. Long term loans

BANK	Principal of the loan in original Currency	Balance of the loan as of 31/12/2021	Balance of the loan as of 31/12/2021	Balance as of 31/12/2021		Balance as of 31/12/2020		Terms of Payment
				current portion due in one year	long term installments	current portion due in one year	long term installments	
Qatar National Bank Alahli (1)	EURO	3 600 000	182 248 337	44 701 329	137 547 008	20 124 063	40 248 127	The principal of the loan shall be settled over 7 equal half annually starting from 31/1/2020 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (2)	USD	4 563 473	42 246 002	21 123 001	21 123 001	22 925 052	45 850 103	The principal of the loan shall be settled over 7 equal half annually starting from 31/1/2020 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Qatar National Bank Alahli (3)	USD	5 000 000	--	--	--	21 017 920	31 526 881	The principal of the loan shall be settled over 5 equal half annually starting from 31/1/2020 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Attijari wafa bank	USD	5 250 000	39 549 046	26 366 041	13 183 005	26 401 466	39 602 183	The principal of the loan shall be settled over 7 equal half annually installments starting from 31/1/2020 till 31/5/2023, the interest and commission shall be computed and paid upon its due date.
Emirates NBD Egypt bank	USD	8 000 000	106 430 412	--	106 430 412	--	--	The principal of the loan shall be settled over 12 quarterly installments starting after the end of the grace period that ends no later than 12 months from the date of the first withdrawal.
Export development bank	USD	1 000 000	8 268 750	--	8 268 750	--	4 260 600	The principal of the loan shall be settled over 8 equal quarterly installments starting after the end of the grace period.
Alex bank	EURO	1 800 000	8 324 064	--	8 324 064	--	--	The principal of the loan shall be settled over 9 equal half annually installments starting from 17/2/2022 till 17/2/2026, the interest and commission shall be computed and paid upon its due date.
Loans from Other Banks	USD	19 868 663	40 088 583	29 951 125	10 137 458	8 998 365	45 031 941	Other loans in US dollar granted to Oriental Weavers Co. U.S.A
			427 155 194	122 141 496	305 013 698	99 466 866	206 519 835	

20. Housing and development bank loan

	31/12/2021	31/12/2020
Balance of this item represents the remaining amount due to Housing and Development Bank against purchasing housing units for employees in 10th of Ramadan city. Payment shall be made on equal monthly instalments for 27 years.	-	69 200
Instalments due within one year were classified as part of current liabilities under the item of long-term liabilities – current portion.	-	(28 921)
	-	40 279

21. Lease contracts liability

	Due within one year	Due more than one year	Balance at 31/12/2021
Oriental Weavers Co. U.S.A.	25 007 472	40 741 197	65 748 669
Exhibitions	62 140 783	228 017 552	290 158 335
	87 148 255	268 758 749	355 907 004

22. Deferred tax liabilities

-Deferred tax Assets and liabilities

	31/12/2021		31/12/2020	
	Assets	(Liabilities)	Assets	(Liabilities)
Temporary tax differences – O.W. (USA)	11 872 560	-	14 667 081	-
Fixed assets	-	(177 126 413)	-	(159 147 828)
Total deferred tax assets / (liabilities)	11 872 560	(177 126 413)	14 667 081	(159 147 828)
Net deferred tax (liabilities)	-	(165 253 853)	-	(144 480 747)

-The movement of deferred tax liabilities is shown below:

	31/12/2021		31/12/2020	
	Assets	(Liabilities)	Assets	(Liabilities)
Beginning balance	14 667 081	(159 147 828)	15 815 014	(156 991 818)
Charged to the statement of income	(2 773 311)	(17 978 585)	(851 824)	(2 156 010)
Translation Difference	(21 210)	-	(296 109)	-
Ending balance	11 872 560	(177 126 413)	14 667 081	(159 147 828)

23. Provisions

	Balance as of 1/1/2021	Formed during the year	Used during the year	No longer needed	Translation differences	Balance as of 2021/12/31
Provisions for claims	90 027 046	36 973 097	(21 986 755)	(3 722 564)	(12 458)	101 278 366
	90 027 046	36 973 097	(21 986 755)	(3 722 564)	(12 458)	101 278 366

The provision for claims represents an expected claims from certain entities related to the Company's activities. Details about the provisions have not been disclosed in accordance with the Egyptian Accounting Standards, as the management believes that disclosure of some or all of the information can affect seriously the position of the entity in the dispute with other parties on the subject matter of the provision. Provisions are reviewed at the end of each reporting period and adjusted according to the latest updates, negotiation and agreements with those entities.

24. Banks – credit accounts

Banks – credit accounts amounting to L.E 3,029,042,301 as of December 31, 2021 represents short term facilities granted by banks at relatively fixed interest rate, a part of facilities is guaranteed by notes receivable deposited at these banks for collection.

25. Long term liabilities - current portion

	31/12/2021	31/12/2020
Long term loan	-	99 466 866
Housing and Development Bank loan	-	28 921
	-	99 495 787

26. Trades & notes payable

	31/12/2021	31/12/2020
Trades payable	927 826 025	754 518 636
Notes Payable	177 421 031	92 226 085
	1 105 247 056	846 744 721

27. Creditors and other credit accounts

	31/12/2021	31/12/2020
Accrued expenses	127 008 077	94 347 546
Tax authority	19 974 439	31 487 341
Social insurance authority	19 879 941	16 742 548
Trade receivable – advance payment	214 613 354	239 959 620
Creditors – purchases of fixed assets	4 993 956	7 819 830
Credit balances - related parties	14 656 675	146 789 201
Deposits from others	154 654 531	172 558 423
Other credit accounts	29 396 733	32 273 470
	585 177 706	741 977 979

28. Finance expenses

	31/12/2021	31/12/2020
Bank interest	170 923 850	104 079 183
Interest of lease contracts liabilities	26 125 171	-
	197 049 021	104 079 183

29. Basic earnings per share in the separate financial statements

The basic earnings per share in the separate financial statements are determined as follows: -

	31/12/2021	31/12/2020
Net profit for the year in the separate financial statements	865 076 860	549 339 917
Less:		
Proposed employees share in distributions	60 000 000	49 000 000
Proposed Board members remuneration	12 200 000	3 200 000
	792 876 860	497 139 917
Average of shares number available during the year	665 107 268	665 107 268
Basic earnings per share in the separate financial statements	1.19	0.75

30. Effect of EAS (47) "financial instruments"

	Balance as of 1/1/2021	Effect of EAS (47) "financial instruments"	Balance as of 2021/12/31 – restated
Retained earnings	348 205 426	(2 162 429)	346 042 997
Non-controlling interest	947 070 135	(2 308 375)	944 761 760
Expected credit loss	230 743 823	4 470 804	235 214 627

31. Contingent liabilities

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of December 31, 2021 amounted to L.E 61,668,749. The contingent liabilities from letter of credit in that date amounted to L.E 313,594,512

32. Capital commitments

The capital commitments as of December 31, 2021 amounted to L.E 38,560,544 represents the value of new extension related to showrooms and completion of construction in progress.

33. Tax position**33.1. Corporate Tax**

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- The company submits its annual tax return regularly on legal dates.

33.2. Salaries & Wages Tax

- The company has been inspected till December 31, 2019 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

33.3. Sales Tax

- The company has been inspected till December 31, 2019 and the assessed tax differences were paid.
- The company submits the monthly tax return on the legal dates.

33.4. Stamp Duty Tax

- The company was inspected and the tax has been settled till December 31, 2017.
- The company submits the tax return on the legal dates.

33.5. Real estate Tax

- The tax has been assessed and paid till December 31, 2021.

34. Financial instruments and risk management**A. Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and all kind of receivables.

The company's management has established a credit policy under which each customer is analysed individually for creditworthiness and these limits are reviewed on an on-going basis.

The maximum exposure to credit risk at the date of the consolidated financial statements as follows:

	Note	31/12/2021	31/12/2020
	NO		
Trades and notes receivable	(11)	1 964 652 995	1 723 532 941
Debtors and other debit accounts	(12)	420 710 870	346 027 455
		2 385 363 865	2 069 560 396

B. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company confirmed it is acquired enough amount of cash to meet operating expenses. In addition, the company to preserve the credit facility granted to it by banks.

C. Market risk

The risk of market price changes that arise from changes in exchange rates and interest rates of securities that may affect the Group's income or the cost of retaining financial instruments - if any.

Exchange rate risk

This risk is in the fluctuations in the value of financial instruments as a result of fluctuations in foreign currency exchange rates and that of financial assets and liabilities denominated in foreign currencies resident.

This risk is considered acceptable because of the assets in foreign currency correspond to the company's obligations in foreign currencies.

Interest rate risk

Interest rate risk is the risk resulting from changes in interest rate on the banks facility granted to the company. The Company obtains the best available conditions in the banking market for the credit facilities and reviews the prevailing interest rate in the banking market on an on-going-basis which minimizes the risk of changes in interest rates.

D. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders and other beneficiaries who are using the financial statements through the optimal use of equity. Management seeks the best alternatives to maintain a better capital structure for the group through either dividend payment to shareholders, capital reduction, issuance of new shares, and or debt settlement.

35. Significant events

Countries all over the world including Egypt have faced the spread of coronavirus which had a huge impact on the economy a whole. Most probably this will lead to a decrease in the economic activities on the upcoming period. This may have a material impact on certain balance of the assets, liabilities and the operation outcome in the next period. It is not possible to calculate the effect of these events on the meantime. Hence, the information is solely based on the forecasting conducted for the time period that these events are occurring and when it is projected to end as well as the aftermath that follows.



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