



النساجون الشرقيون  
ORIENTAL WEAVERS

Annual Report **2022**



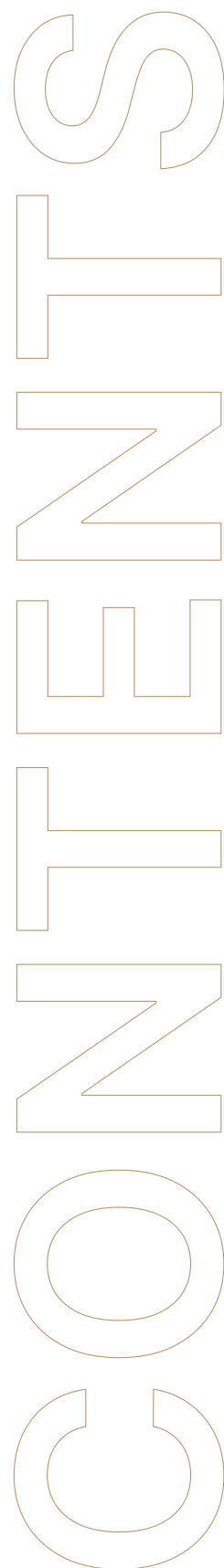
**CULTIVATING  
ENDURANCE**



Annual Report **2022**

# CULTIVATING ENDURANCE

Oriental Weavers' flexible business model has enabled the company to withstand unprecedented market challenges both locally and globally.



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ORIENTAL WEAVERS

# FOREWORD



# FOREWORD



## Dear shareholders,

It is my pleasure to present the 2022 annual report for Oriental Weavers. Despite the unprecedented challenges faced by businesses worldwide in the past year, we are pleased to report that we have successfully navigated the hurdles presented by the supply chain crisis, commodity price surges, and global demand downturn. Through our foresight and agility, we have emerged from these trials stronger and more resilient than ever before.

Our forward-thinking approach enabled us to successfully withstand these challenges, and we are proud to report a remarkable 34% increase in local sales in 2022. In Egypt, we experienced a significant shift in consumer behavior due to the devaluation scenario, with consumers making purchasing decisions earlier than usual in anticipation of future inflation. However, our export market faced a more challenging landscape, particularly in the US and Europe, where demand slowed due to the challenging economic conditions in these regions.

To address these challenges, we prioritized growth as our main strategic pillar, with a pricing strategy aimed at optimizing profitability and productivity. We rationalized our SKU offerings, reducing product lines to simplify production processes, decrease unit costs, improve material management, and increase economies of scale in purchasing. Maintaining a strong emphasis on customer focus, we invested heavily in product development over the course of the year, continuously updating our state-of-the-art machinery and looms, as well as developing our R&D Department to remain ahead of global market trends. We also expanded our commercial presence in the local market by opening 10 new showrooms.

Our commitment to operational excellence led us to adopt a renewed philosophy centered around streamlining

internal processes, eliminating waste, achieving maximum efficiency using data analytics, process automation, and lean management techniques. Our employees also remain a priority, as we strive to create an attractive working environment that fosters creativity and innovation.

In 2022, we achieved several significant milestones that we are incredibly proud of. We established our new Nefertari Factory, which should reach full utilization in three years, with the first loom initiating operations in September 2022. We also inaugurated the first solar station in one of our showrooms in Alexandria, operating at a capacity of 259 KWh, generating over 520 MWh, and eliminating up to 262 tons of carbon dioxide (CO<sub>2</sub>) emissions every year. Additionally, we were delighted to be able to once again welcome over 15 of our biggest international clients to Egypt for the first time since the pandemic, enabling us to foster our relationships with clients across the world.

As part of our ongoing dedication to sustainability, we have ramped up our efforts to reduce our carbon footprint, lower GHG emissions, and increase water conservation. Oriental Weavers joined the United Nations Global Compact (UNGC), and I was appointed as a founding member of the Africa Business Leaders Coalition (ABLC), the world's largest voluntary corporate sustainability initiative. Our carbon footprint has decreased by

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**Maintaining a strong emphasis on customer focus, we invested heavily in product development over the course of the year.**

10% annually, and we implemented an energy-saving management system in our plants to reduce emissions. With regard to our water conservation efforts, we succeeded in achieving annual savings of 8000 m<sup>3</sup>, and 12,000 m<sup>3</sup> is being annually retreated for industrial re-use. By implementing sustainable business practices, we aim to ensure our long-term business viability, improve supply chain resilience, and deepen our commitments to the UN Sustainable Development Goals (SDGs).

Looking ahead, we will continue to pursue our strategic priorities of operational excellence, commercial growth, sustainability and resilience, and profitability. We remain optimistic about the market outlook for discretionary products in 2023, as the global economy continues its recovery and consumer confidence regains momentum.

I would like to express my sincerest gratitude for our dedicated employees, our valued clients, and our esteemed shareholders and stakeholders for their unwavering support, which has remained instrumental to our success throughout the years.

**Yasmine Khamis**  
Chair





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# AT A GLANCE

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.



# ABOUT ORIENTAL WEAVERS

Oriental Weavers has maintained its global position as an industry pioneer, leading with creativity and expert foresight across its operations and strategically expanding its capacities to tailor to the ever-growing demand for rugs and carpets in regional and global markets.

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**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, 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.

1<sup>ST</sup>

global producer by volume

130

markets

250+

showrooms in Egypt

19K+

employees

### 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 six subsidiaries, with its operational footprint spanning over local, regional, and international markets.



### The Woven Segment

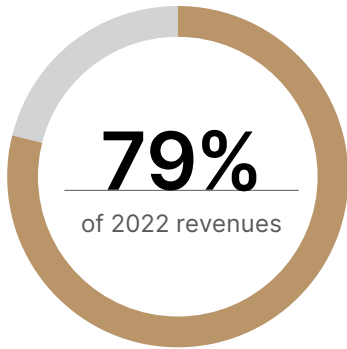
Oriental Weavers’ woven manufacturing processes encompass the production of three grades of machine-woven rugs and carpets. During the weaving process, surface yarn is inserted and intertwined with backing yarn, comprising of jute weft threads and warp threads. Four of Oriental Weavers’ subsidiaries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

### 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, spanning 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.

### 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 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 US. The company manufactures, 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.

The Tufted Segment

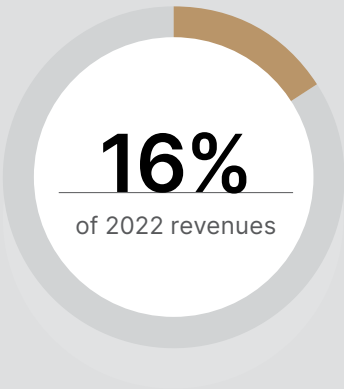
In the tufting manufacturing process, fibers such as yarn are first inserted and pulled through the primary backing fabric, holding the fibers in place. After the carpets’ design and printing are done, an anchor coating of adhesive is applied to further hold the tufts in place, and a secondary backing cloth is then added. As of year-end 2022, 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.

MAC Carpet

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. In 2022, MAC also expanded on the success of its artificial grass and turf product offerings, opening up a separate unit for the segment with new, cutting-edge machinery.

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



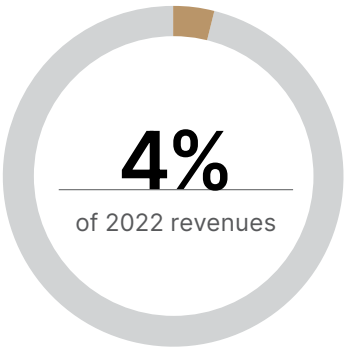
The Non-Woven Segment

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, and it has worked its way to becoming a leading producer in its markets of operations.

Egyptian Fibers Company (EFCO)

Established in 1978 as an integral part of the Oriental Weavers Group, the 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 bath mats.



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 trendsetter and the world’s market leader of rugs and carpets, spreading happiness and warmth to every room in the world.

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 63% of its production to over 130 countries worldwide.

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 and the US, 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.







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# 2022 HIGHLIGHTS

This year saw the Group further diversify its offering and strategically expanding on its strong global footprint.



# 2022 HIGHLIGHTS

Oriental Weavers delivered on its objectives during the year, making strides in both its growth and ESG-focused journeys.



## Carpeting COP27 in Sharm El Sheikh

The 2022 United Nations Climate Change Conference (COP27) held in Sharm El Sheikh was entirely carpeted using Oriental Weavers' new tufted product "Super Magic" wall-to-wall carpets.



## Solar Power Plant

The Group successfully inaugurated its first ever solar power plant at its Alexandria Showroom. The plant generated 430,000 KWh of energy and reduced 442 tons of CO<sub>2</sub> for the year.



## Decrease in Overall Water Consumption

In 2022, Oriental Weavers successfully decreased its water consumption by 30,000 m<sup>3</sup> and recycled over 22,000 m<sup>3</sup> of water.



## New Sale Record

Oriental Weavers' woven division achieved a landmark sale in Saudi Arabia (KSA) amounting to USD 12.4 million — historically the largest single sale recorded for the division.



## Marriot UK Rollout

Oriental Weavers Hospitality (OW Hospitality) completed the massive rollout for Marriot UK, which included fully carpeting all areas of 13 Marriot hotels.



## Oriental Weavers Hospitality: MindClick Leader

OW Hospitality was rated as a Leader, the highest ranking on MindClick's environmental health scale, demonstrating its commitment to a greener and more sustainable future.



## EFCO Green Journey

Throughout the year, EFCO implemented several substitutions of materials that have a harmful effect on the environment with more biodegradable and cost-cutting alternatives.



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# BUSINESS STRATEGY

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





# FOUR DECADES OF EXCELLENCE

Oriental Weavers’ strategy pillars are the building blocks of the Group’s success, ensuring that its resources are efficiently leveraged to create sustainable value and generate growing returns for all stakeholders.

Oriental Weavers’ strategies were developed with an eye for accelerating the growth of its operations. The Group’s strategic development takes on a stakeholder-centric approach, delivering sustainable value through its vertically integrated business models and innovative product offerings. The Group implements its strategy through key directions that include profitable growth, customer-centricity, and cultivating an efficient, productive ecosystem.

By exercising flexibility and adaptability, Oriental Weavers explores untapped growth and value pockets

across different regions and markets. This proactive approach enables it to diversify revenue streams and minimize the impact of macroeconomic headwinds, such as those faced in the past several years. Remaining resilient and proactive, Oriental Weavers exemplifies the importance of strategic planning in navigating challenging environments and ensuring long-term success. Through these directions, the Group continues to penetrate new markets, develop existing product offerings, and enhance operational efficiencies.



## Operational Excellence

Operational excellence is a philosophy that revolves around optimizing internal processes to eliminate waste and reduce operating costs, enabling organizations to achieve profitable growth and compete in both local and global markets. Oriental Weavers, a leader in the carpet and rug manufacturing industry, fully embraces this philosophy and works tirelessly to streamline all operations to generate high-performance output and eliminate internal waste. This, in turn, enables the Group to maintain its leadership position in local and global markets.

To achieve operational excellence, Oriental Weavers has adopted a multi-faceted approach that includes the implementation of lean and digital manufacturing techniques and tools. These techniques serve as a model of waste elimination and value maximization.

The Group is also committed to improving functions, systems, processes, and personnel. To this end, Oriental Weavers has created an internal benchmarking process that fosters competition between the Group, its subsidiaries, and its factories. This process helps define best practices, establish areas for improvement, and inspire innovation.

Furthermore, Oriental Weavers recognizes the importance of delivering a solid performance across its global footprint. To ensure this, the Group has implemented an external benchmarking process with multinationals and global organizations. By benchmarking its operations against those of leading global organizations, Oriental Weavers can identify opportunities for improvement and continue to enhance its operational excellence strategy.



## Commercial Growth

With over 40 years of experience as one of the world’s largest machine-made rug and carpet manufacturers, Oriental Weavers is committed to creating an effective customer-centric strategy that allows the Group to expand its offerings and maintain its position as a leader in the industry. The Group places great emphasis on understanding and prioritizing the needs of its clientele, with a focus on critical aspects that include product development and consumer experience.

Oriental Weavers aims to grow its portfolio of products to offer a wider selection that caters to the evolving needs of consumers both locally and internationally. This expansion is part of the Group’s ongoing efforts to provide exceptional products and services to its clients. To achieve this, Oriental Weavers plans to

leverage its strong brand identity to open stores in new locations across Egypt, while also enhancing its online presence through its newly launched online shop and e-commerce marketplaces.

In addition to geographical expansion, Oriental Weavers recognizes the importance of strategic brand building to maintain its position as the brand of choice in the market. The Group intends to achieve this by engaging in targeted communication with consumers and building a strong relationship with them. This approach will help foster loyalty among its clients and ensure that Oriental Weavers remains top-of-mind when it comes to high-quality rugs and carpets.





## Sustainability and Resilience

At the heart of Oriental Weavers' resilience is its unwavering commitment to sustainability in all aspects of its operations. The Group approaches its business activities with strategies that promote long-term positive impacts for all stakeholders, including its employees, customers, communities, and the environment. This commitment is reflected in the Group's robust environmental, social, and governance (ESG) systems and controls.

Oriental Weavers is governed by efficient management systems that prioritize responsibility and align the Group with the best global practices. It has established internal controls for ethical business practices and has created a culture of transparency and accountability, empowering employees to act responsibly and ethically. The Group's long-standing mission to create a working environment that fosters creativity, innovation, and diversity plays a pivotal role in bolstering the Group's efficiency and productivity.

Since its inception, Oriental Weavers has been committed to the sustainability of its communities and the environment. The Group aims to enhance its social footprint by restructuring its social responsibility institutions, maximizing the impact of its initiatives, and adopting the principles of the UN Global Compact (UNGC). Its environmental targets include limiting its carbon footprint by constantly monitoring its greenhouse gas (GHG) emissions and updating its sustainability policies, as well as minimizing waste through the 4 R principles (reduce, reuse, recycle, and recover).

Oriental Weavers recognizes that its commitment to sustainability is essential to its long-term success, and the Group's efforts in this area are integral to its resilience in the face of challenges. Through its ESG systems and controls, responsible management practices, and commitment to social and environmental sustainability, Oriental Weavers is well-positioned to continue driving positive change in the industry while delivering long-term value for all stakeholders.



## Profitability

Oriental Weavers is committed to continuing its growth trajectory both regionally and globally. As one of the world's leading manufacturers of innovative textile products, the Group is dedicated to capturing larger market shares and generating lucrative returns for its shareholders and other stakeholders. The Group will continue to deliver enhanced, corporate, tactical mechanisms and procedures to expand its business, reassess costs, and efficiently utilize its assets and staff.

In the coming years, Oriental Weavers will capitalize on its robust market position to maximize profitability

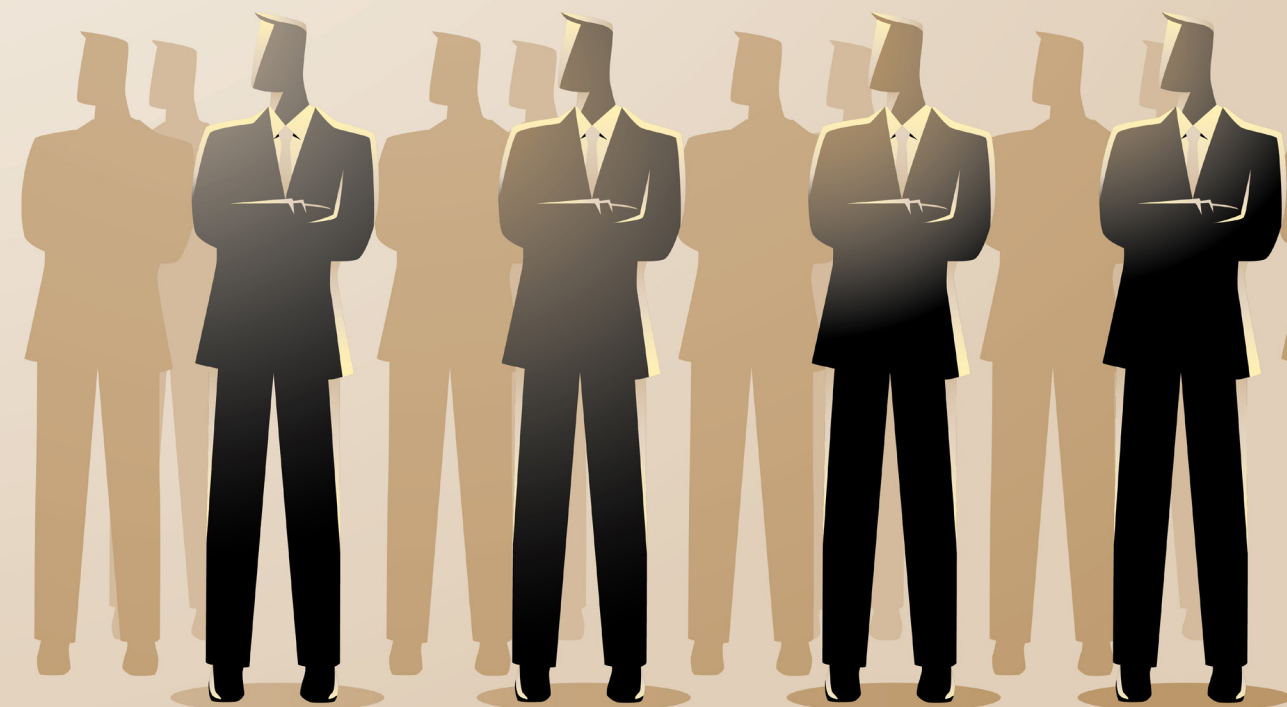
and achieve healthy liquidity positions. The Group will expand its market reach in Egypt by opening showrooms in locations that target underserved segments of the population while simultaneously growing its online sales. Management plans to increase its market share across its global footprint, particularly in the GCC region, while expanding the Group's operations in Europe and the US through strategic online partnerships. Oriental Weavers will continue to develop its product portfolio strategically to penetrate new markets, improve profitability margins, and outperform competitors.





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# MANAGEMENT DISCUSSION AND ANALYSIS



# MANAGEMENT DISCUSSION AND ANALYSIS

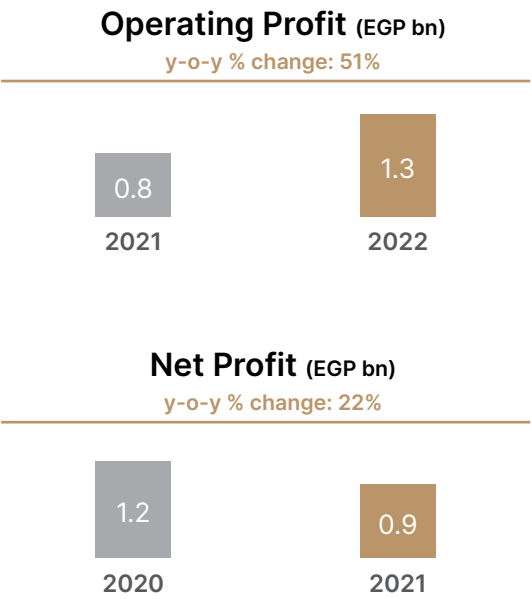
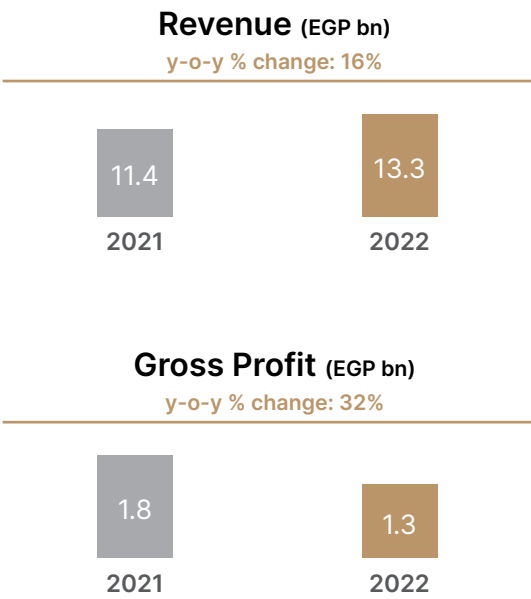
Oriental Weavers achieved robust top-line growth during the year, with revenues climbing to EGP 13.3 billion.



### Healthy Top-Line Growth

Throughout the year, Oriental Weavers was able to successfully increase its revenues, despite the widespread supply chain disruptions and unprecedented market volatility that significantly affected US and European markets, through strategic price adjustments and diversification of its global footprint. By year-end 2022, the Group recorded total

revenues of EGP 13.3 billion, a 16% hike from the EGP 11.4 billion registered at year-end 2021. The rise in revenues was achieved primarily by Oriental Weavers’ agility and ability to address challenging market conditions, shifting its geographic focus and capturing the upside of higher demand for several of its product offerings.



### Profitability Margins

#### Gross Profit

Consolidated gross profit for the year recorded EGP 1.3 billion, reflecting a 32% y-o-y decline from EGP 1.8 billion in 2021, on the back of global supply chain disruptions, resulting from the Russia-Ukraine conflict. European markets remained volatile, facing affordability challenges, and the US market witnessed a slowdown in demand due to widespread inflationary pressures, a significant drop in e-commerce as travel restrictions were lifted, and extensive overstocking from the previous year. Consequently, the gross profit margin decreased 661 basis points in 2022 to 9.5% from 16.1% in 2021. Raw material costs remained on the rise, with the cost of polypropylene increasing 15% y-o-y, which was substantially offset by price hikes applied during the year.

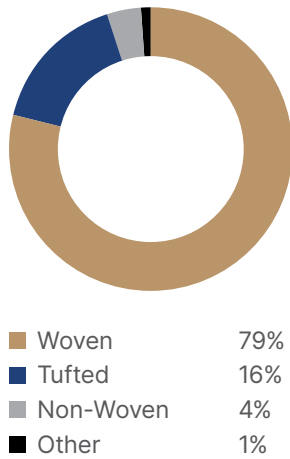
#### Operating Profit

Oriental Weavers’ operating profit stood at EGP 647 million at year-end 2022, a 51% decrease from EGP 1.3 billion in 2021, on the back of higher raw material costs, SG&A expenses, and lower gross profitability. Likewise, the Group’s operating profit margin was down 665 basis points to 4.9% from 11.5% the previous year.

#### Interest Income

Interest income for the Group edged up 8% y-o-y to reach EGP 199 million by year-end 2022, up from EGP 184 million in 2021. Interest expenses incurred stood at EGP 304 million in 2022, a 54% increase from EGP 197 million in 2021. This is primarily attributable to the increase in

### Revenue Contribution by Product



USD Libor rate and local currency depreciation, as well as the rise in working capital used to account for commodity price hikes and supply chain disruptions. As expenses grew during the year, net interest loss consequently rose to EGP 105.5 million during the year compared to EGP 13.3 million in 2021.

#### Net Profit

On a bottom-line basis, the Group’s net income for the year stood at EGP 944 million, declining 22% y-o-y from EGP 1.2 billion recorded in 2021. On a margin basis, Oriental Weavers registered a net income margin of 7.1% in 2022,



reflecting a drop of 349 basis points from the 10.6% net income margin at year-end 2021. The bottom-line margin was supported by significant export rebates collected over the course of the year, which helped mitigate the drop caused by volatile market conditions.

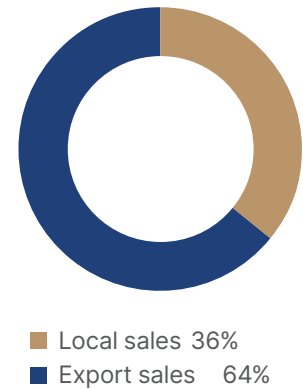
Performance in Egypt

Domestically, Oriental Weavers delivered a commendable performance, with total local revenues climbing 34% y-o-y to EGP 4.9 billion in 2022 compared to EGP 3.7 billion in the previous year. The increase in local sales was primarily driven by growth in both showroom and wholesale revenues, in addition to strategic pricing implemented during the period.

The Group’s local sales, which represent approximately 36% of the company’s consolidated top line, comprise retail outlets and showrooms, wholesalers, the public sector, and contracts and hotels. Retail outlets and showrooms, representing 55% of total domestic sales, saw an impressive growth of 34% y-o-y in 2022, recording EGP 2.7 billion in revenue compared to EGP 2 billion in 2021. The wholesale sector, which contributed 42% to total local sales in 2022, saw a revenue jump of 35% with EGP 2 billion compared to EGP 1.5 billion in 2021. Revenue from local contracts and hotels increased 31% y-o-y to EGP 117.7 million during the year, versus EGP 135 million in 2021.

The Group launched its own Oriental Weavers online shop in 2022, expanding its presence in the e-commerce space and growing online sales. The company’s products are currently available for purchase on key digital marketplaces, such as Amazon, Jumia, Souq, Homzmart, Manzzeli, and Efreshli. At present, online sales represent less than 1% of total domestic sales. In 2022, online sales in the domestic market recorded EGP 2.9 million, reflecting an increase of 79% from EGP 1.6 million in 2021.

Revenue Contribution (Local vs. Export)



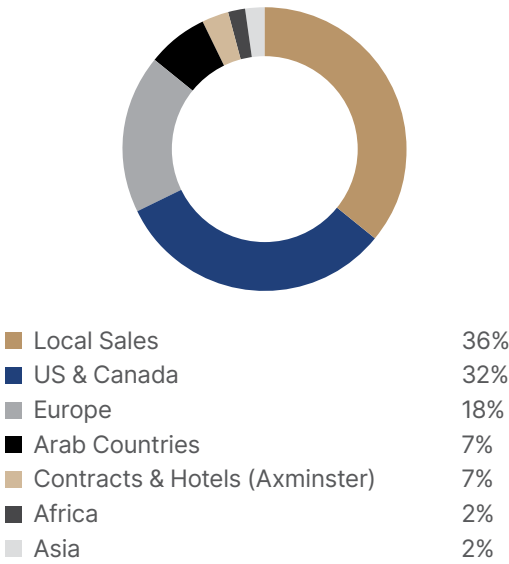
Regional and Global Performance

Oriental Weavers was able to strategically maneuver its operations to grow export revenues by 8% y-o-y to reach EGP 8.4 billion in 2022, up from EGP 7.7 billion in 2021, despite an unstable global market environment during the year. The Group succeeded in increasing its revenues across its geographic footprint, including a remarkable recovery witnessed in its export hospitality segment, which counteracted the slowdown seen in North American and European countries.

Revenues from the US and Canada through wholly-owned subsidiary, Oriental Weavers USA, and its direct exports from Egypt, contributed to 32% of the Group’s top line. Revenues sustained during the year at EGP 4.3 billion, displaying resilience in the face of inflationary pressures that eroded consumer discretionary spending. The Group succeeded in maintaining its revenue level in the region through expanding its client base, as well as a positive USD-income reflected in EGP-terms due to local currency devaluation.

The second largest contributor to Oriental Weavers’ export revenues in 2022 was Europe at 18%. Revenues inched up 4% y-o-y to EGP 2.4 billion compared to EGP 2.3 billion in 2021. Sales in the region were able to achieve growth in spite of muted activity due to the slowdown in demand from the Group’s key European clients, in addition to economic pressures seen throughout major European countries.

Revenue Contribution by Region



Exports to African countries witnessed a surge during the year, growing 51% y-o-y to reach EGP 199.7 million, up from EGP 132 million in 2021. Additionally, the Group’s sales in Arab countries rose 31% in 2022, recording EGP 912.8 million compared to EGP 694.8 million. Revenue growth seen in these regions are on the back of an expansion in exports to MENA countries, in addition to a ramp-up in sales to KSA in efforts to grow the Group’s market share in the Kingdom.

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Oriental Weavers was able to strategically maneuver its operations to grow export revenues by 8% y-o-y to reach EGP 8.4 billion in 2022, up from EGP 7.7 billion in 2021.





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# LINES OF BUSINESS

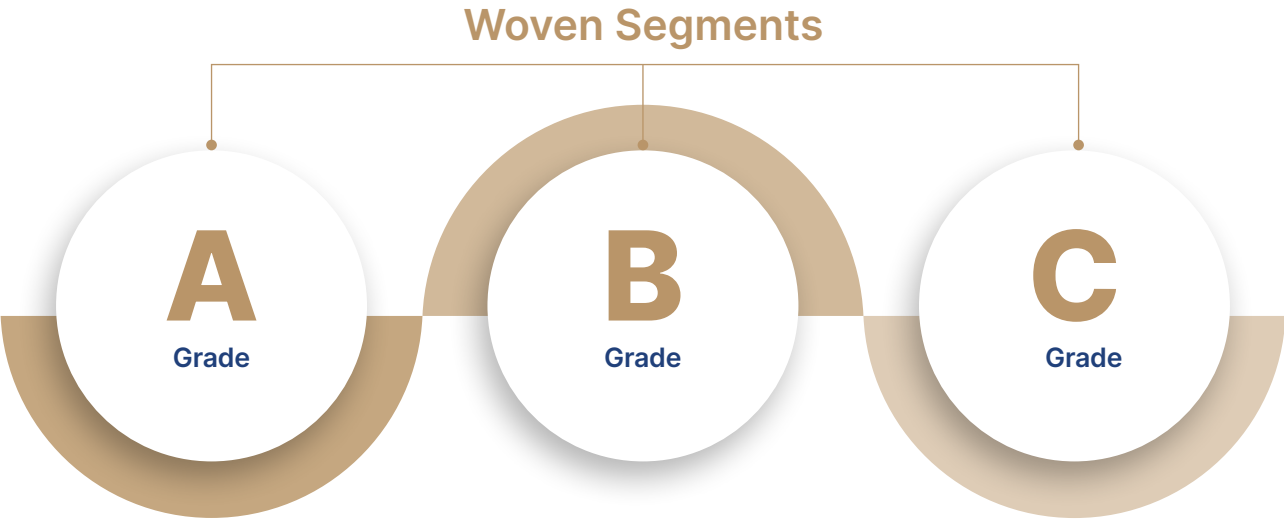
Oriental Weavers' four business lines saw growth during the year, identifying opportunities for growth across its footprint.



# WOVEN SEGMENT

The woven segment continued to act as the major driver of growth during the year, contributing 79% of the Group’s total revenues.

Oriental Weavers’ woven division manufactures and sells machine-made area rugs domestically and internationally through state-of-the-art facilities located in Egypt and the US. The Group’s woven products come in grades A, B, and C.



45  
dedicated designers

500  
local industrial designs  
and yarn patents

>2.5 M  
designs

55%  
of turnover exported

### 2022 Performance Overview

Oriental Weavers' woven division was able to achieve successful revenue growth in the face of challenges in the European and US markets through strategic diversification. It capitalized on its international footprint to grow its brand and presence in other markets, namely the GCC region, in an effort to offset global supply chain disturbances that led to market slowdowns.

The segment gained around 40 new active clients across global markets and managed to increase its average selling price by 6% during the year. Record-breaking sales figures were achieved in the GCC and Japanese markets in 2022, with a landmark sale in KSA amounting to USD 12.4 million — historically the largest single sale recorded for the division. Growth in sales turnover was witnessed across several South American, Asian, and African markets through a strategic shift toward business distribution in these regions.

### Financial and Operational Highlights

Oriental Weavers' woven division led the Group's rise in revenues both locally and globally during 2022 across its range of products. Although volumes were down during the year, Oriental Weavers maintained the profitability of its sales through strategic price adjustments, which supported revenue growth, as demand for Grade B and C products increased.

Revenues from the woven segment grew 22% y-o-y to EGP 10.5 billion, with a contribution of 79% to the Group's total revenues. Conversely, the woven segment booked total volumes of 72.9 million sqm in 2022, a 6% decline from 77.1 million sqm in 2021.

“  
The woven segment gained around 40 new active clients across global markets and managed to increase its average selling price by 6% during the year.

10.5 EGP BN  
total revenues in 2022  
(+22% y-o-y)





# 1.2 EGP BN

revenues in 2022 (+21% y-o-y)

## Woven Grade A

Export revenues for grade A products experienced a robust 53% increase in 2022 to reach EGP 508 million, up from EGP 333 million in 2021, with domestic revenues rising 5% y-o-y to EGP 724 million, buoyed by price increases implemented to offset volume declines. Total volumes manufactured and sold both domestically and internationally recorded 3.7 million sqm at the end of 2022, down from the 4.1 million sqm recorded in 2021.

The grade's contribution to total revenues remained unchanged at 9% for 2022.

# 4.6 EGP BN

revenues in 2022 (+19% y-o-y)

## Woven Grade B

Grade B's local revenues achieved a strong performance, effectively compensating for the shrinking contribution from export revenues during the year. Local sales surged 80% y-o-y, recording EGP 2.1 billion in 2022, up from EGP 1.2 billion in 2021. This growth was driven by a steady increase in demand, leading to a 64% y-o-y rise to 10.7 million sqm in 2022 compared to 6.6 million sqm at year-end 2021.

On the global front, export revenues inched down 7% y-o-y to EGP 2.5 billion in 2022 from the EGP 2.7 billion booked in 2021. This was mirrored in a 33% y-o-y drop in volumes to 17.5 million sqm in 2022, down from 27.5 million sqm at the end of 2021.

At year-end 2022, grade B recorded a strong 35% contribution to the Group's consolidated revenues.

# 2.5 EGP BN

revenues in 2022 (+41% y-o-y)

## Woven Grade C

In terms of the global market for grade C, both export revenues and volumes witnessed a strong boost due to mounting demand over the course of the year. Revenues more than doubled, surging 103% y-o-y to EGP 1.4 billion in 2022 compared to the EGP 678.8 million booked in 2021, while volumes grew 47% y-o-y to 14.7 million sqm, up from the 10 million sqm recorded in the previous year.

Revenues from grade C woven products in the Egyptian market stood at EGP 1.1 billion in 2022, increasing a slight 3% y-o-y due to price adjustments, with local volumes declining by 8% to 14.4 million sqm in 2022 from 15.6 million sqm in 2021.

Grade C's contribution to overall revenues by year-end 2022 stood at 19%.

# 2.2 EGP BN

revenues in 2022 (+11% y-o-y)

## Woven's Global Footprint

### Oriental Weavers USA

Oriental Weavers USA distributes woven carpets and rugs to mass market merchants, retailers, and mega-stores in the US. Revenues generated by Oriental Weavers USA in its local market represented 16% of Oriental Weavers' total sales in 2022.

The US market experienced a general slowdown during the year due to the drop in consumer discretionary spending as a result of overstocking, higher energy prices, and widespread inflationary pressures. Despite slowing sales, the USD income was favorably reflected in EGP terms as a result of the devaluation, as well as a broader client base.

### Financial Highlights

Oriental Weavers USA recorded an 11% rise in revenues in 2022 to EGP 2.2 billion, up from EGP 1.9 billion in 2021. Strategic price adjustments managed to counteract an 18% decline in volumes for the year to 11.9 million sqm, down from the 14.4 million sqm recorded in 2021.

### Forward-Looking Strategy

The woven division is heading into the new year with strategic targets and market expansions. Oriental Weavers is seeking to further diversify its footprint and capitalize on its presence in South America, Africa, and the Middle East, with a renewed focus on tapping into pockets of value in these markets and leveraging Egypt's trade and commerce partnerships in these regions. On the US market front, Oriental Weavers USA is targeting 10 new clients in 2023, with e-commerce expected to see a pickup in activity during the year.



# TUFTED SEGMENT

2022 saw sales turnover largely stabilizing, with MAC delivering on its three-year growth plan with upgraded machinery.

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 through MAC, Oriental Weavers’ sole tufted arm.

MAC is a regional leading printed carpets and rugs manufacturer. Boasting a remarkable track-record of over 40 years, the company produces a wide range of tufted products, exporting more than 85% of its 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.

### 2022 Performance Overview

MAC remained on the path of its ambitious growth plan, delivering on its targets despite prevailing global market challenges. While the company saw disruptions to the flow in the US market, it still managed to take several strategic steps forward. This included upgrading to highly advanced machinery to broaden its operational scope to house digital printing. MAC made a strategic investment

### Financial and Operational Highlights

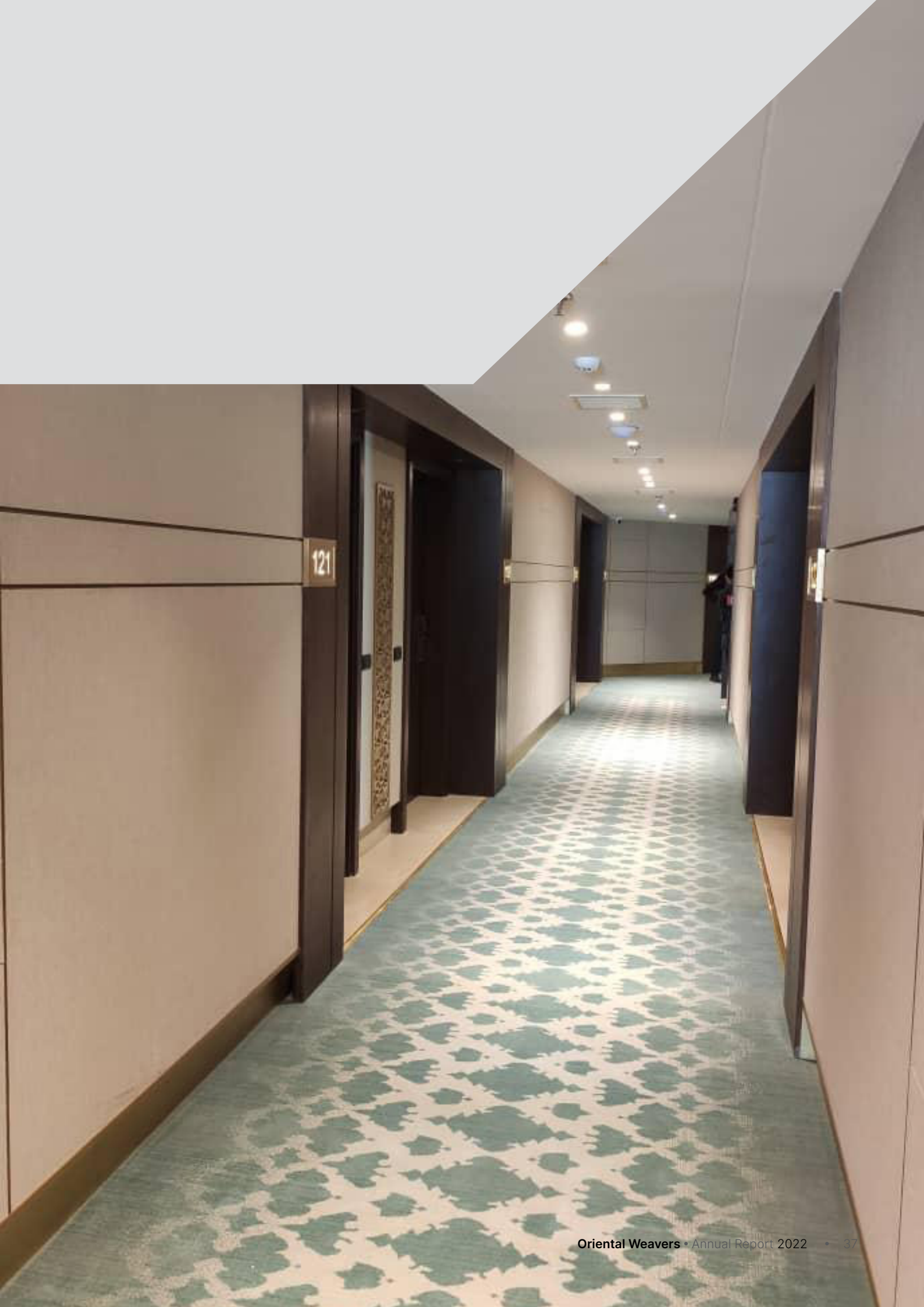
MAC’s total revenues inched down 4% y-o-y to EGP 2.1 billion in 2022. The company implemented strategic pricing adjustments to help curb the impact of the decline in volumes attributed to the stagnation in the US market, which constitutes around 50% of the tufted export segment revenues. Volumes declined 23% during the year to 32.2 million sqm compared to 41.7 million sqm in 2021. The tufted segment maintained its position as the second highest contributor to the Group’s total revenues for the year at 16%.

45  
dedicated designers

85%  
of turnover exported

in its artificial grass and turf products with new machinery installed in 2022, as demand for these products remain on the rise due to their eco-friendly nature and elimination of maintenance costs. The company’s wall-to-wall products also witnessed increased activity during the year, with sales growing in the Middle Eastern markets.

2.1 EGP BN  
total revenues in 2022 (-4% y-o-y)





MAC – Wall-to-Wall Tufted

Overall revenues for MAC’s wall-to-wall tufted products recorded EGP 428.3 million in 2022, an 18% climb compared to EGP 362.1 million in 2021 — a testament to the resilience of the business when confronted with global market downturns. Total volumes were at 8 million sqm, unchanged from the previous year. MAC’s wall-to-wall carpeting products contributed 3% to Oriental Weavers’ consolidated revenues by the end of 2022.

Local revenues for wall-to-wall tufted increased significantly during the year, rising 30% in 2022 to EGP 199.7 million, up from EGP 153.6 million in 2021. Similarly, sales volumes in the Egyptian market grew 38% y-o-y to 2.9 million sqm from 2.1 million sqm in 2021.

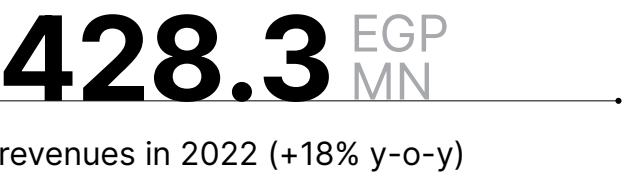
MAC – Tufted Pieces

The overall revenues for tufted pieces declined 8% during 2022 to EGP 1.6 billion from EGP 1.8 billion in 2021. Volumes witnessed a drop of 28% y-o-y to 24.1 million sqm from 33.7 million sqm in 2021, which was dampened with the aid of strategic pricing. At year-end 2022, sales generated from tufted pieces recorded a 12% contribution to the Group’s consolidated top line.

MAC’s tufted pieces performed well in the local market during the year, with revenues rising a significant 55% y-o-y to reach EGP 410.6 million, up from EGP 264.8 million in 2021. On a volume basis, tufted pieces in Egypt registered a 30% increase in 2022 to 5.8 million sqm compared to 4.5 million sqm in 2021.

Forward-Looking Strategy

As part of its expansion strategy, MAC will continue investing in growing its production capabilities through new machinery and equipment, which will streamline efficiency and support the capacity expansion necessary for venturing into new markets. It also plans on shifting more toward more sustainable materials, including a range of new recyclable, traceable products for a large global client. MAC’s prime target for 2023 is extending its market reach to the South American and European markets to effectively grow and diversify its global presence, locking in new opportunities that present massive potential.



On the exports side, revenues rose 10% in 2022 to record EGP 228.6 million compared to EGP 208.5 million in 2021, counteracting the 15% decline in volumes exported to 5.2 million sqm through targeted price increases.



In line with persistent global inflationary pressures, tufted pieces saw an export revenue decline of 19% during the year to EGP 1.2 billion compared to EGP 1.5 billion in 2021. Likewise, export volumes witnessed a 37% y-o-y fall to 18.3 million sqm, down from 29.2 million sqm in 2021.



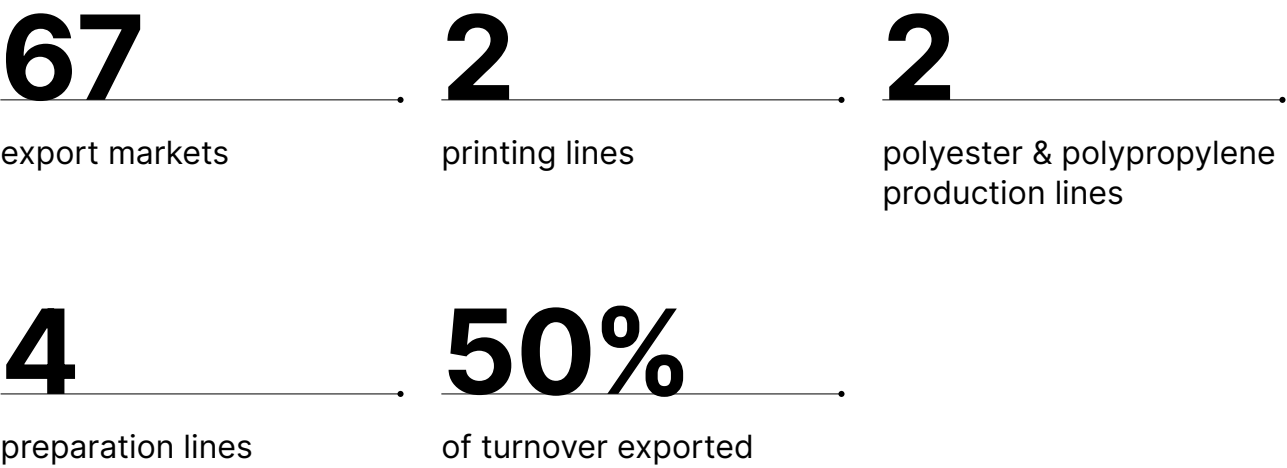


# NON-WOVEN SEGMENT

Oriental Weavers’ non-woven segment continued to grow its product portfolio during the year, steadily moving further toward more sustainable materials and practices.

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 recycled polyester products, the

Egyptian Fibers Company (EFCO). Currently, 95% of all of EFCO’s raw materials are made from recycled polyester instead of polypropylene. EFCO sells approximately 50% of its wide array of products domestically and exports the remaining turnover to a multitude of countries across the world.

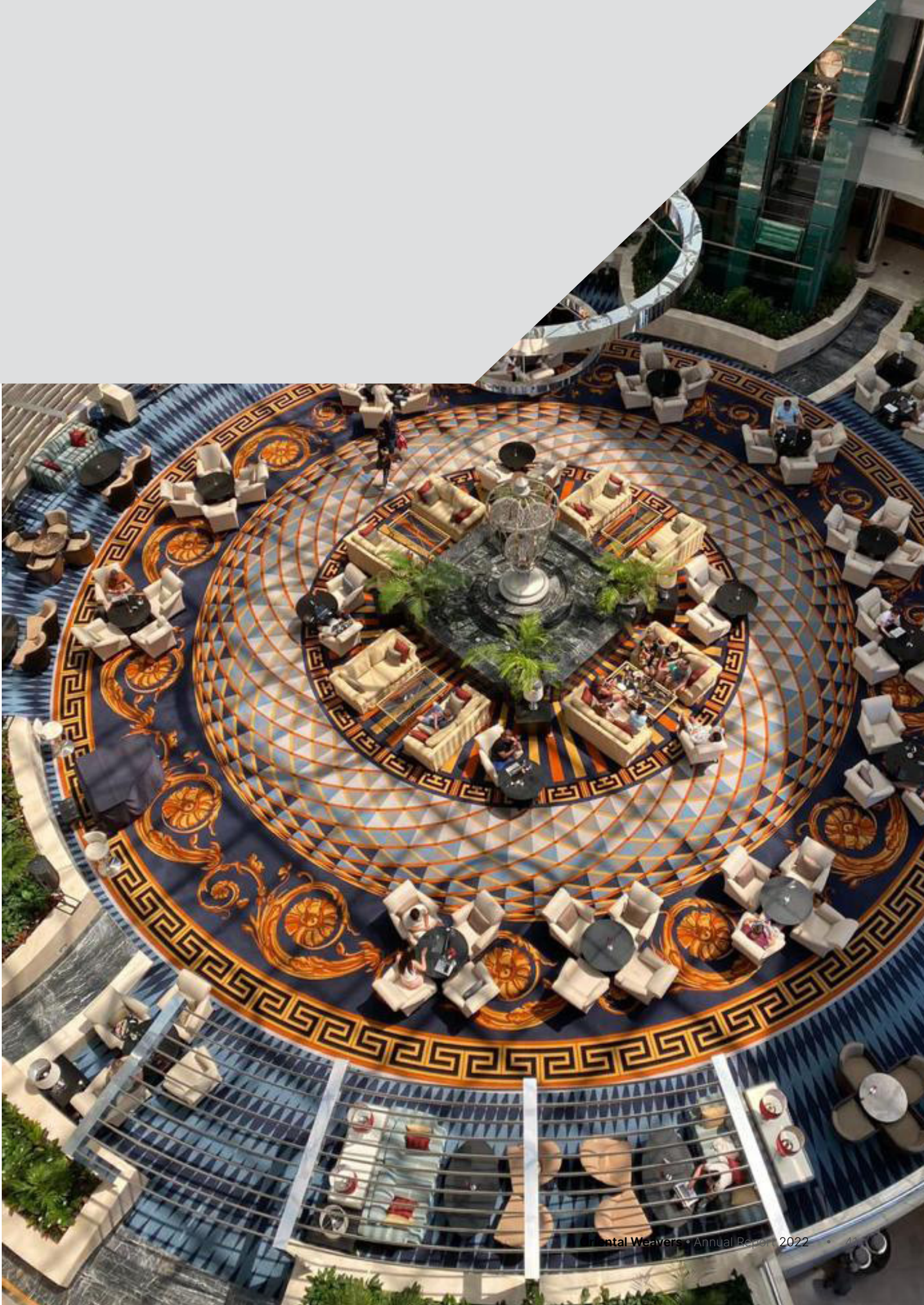


## 2022 Performance Overview

Backed by decades’ worth of expertise and a growing global footprint, the company continued to navigate global economic headwinds and supply chain challenges in order to meet consumer demand and position itself on a trajectory for future growth.

EFCO successfully enhanced and expanded upon its product mix during the year both in local and international markets. It initiated new non-woven carpet tiles

in 2022, expanding into the commercial market with adhesive carpet tiles designed for non-professional installation. The company introduced an upgrade of its "Magic" wall-to-wall carpet product during the year with "Super Magic". The new thicker and higher-quality version of the product offers more customization and was well-received by the market. The 2022 United Nations Climate Change Conference (COP27) was entirely carpeted using "Super Magic".





### Financial and Operational Highlights

EFCO's revenues rose 6% in 2022 to EGP 555.3 million, up from EGP 522.3 million in 2021, primarily driven by strategic price increases, enhanced product mix, and the usage of recycled polyester. The focused enhancements to production and sales mitigated the drop in volumes for the year, which declined 16%, recording 16.7 million sqm compared to 19.9 million sqm in 2021, on the back of lower global demand. By the end of 2022, the non-woven segment's contribution to Oriental Weavers' consolidated revenues came in at 4%.

### Local Market

In EFCO's local market, revenues grew 17% in 2022 to reach EGP 245.5 million, up from EGP 209.4 million recorded at year-end 2021. The sales increase was mostly due to effective strategy implementation, which countered the decline in total domestic volumes of 13% y-o-y, recording 9.3 million sqm compared to 10.7 million sqm in 2021. Revenues from the Egyptian market represented 44% of total non-woven sales in 2022

### Export Markets

Export revenues remained largely stable at EGP 309.8 million, a minor decline of 1% y-o-y from EGP 312.7 million booked in 2021, despite a 19% drop in export volumes to 7.4 million sqm, down from 9.1 million sqm in the previous year. By year-end 2022, export sales contributed 56% to the total revenues generated by the non-woven segment.

### Forward-Looking Strategy

Moving forward, EFCO plans on building upon its strategy of moving toward more environmentally-friendly and lower-cost materials to maintain its alignment with the highest international manufacturing standards. The company will implement a two-pronged approach moving into the new year to a) grow its domestic share and value and b) expand and diversify its footprint. This will be achieved through improving production capabilities and developing its product portfolio to expand its local market reach by targeting underserved segments and diversifying its global distribution to mitigate the effects of global supply chain issues. Market expansions in 2023 will focus largely on fast-growth GCC countries, including KSA, in addition to several countries in South America.

**555.3** EGP MN

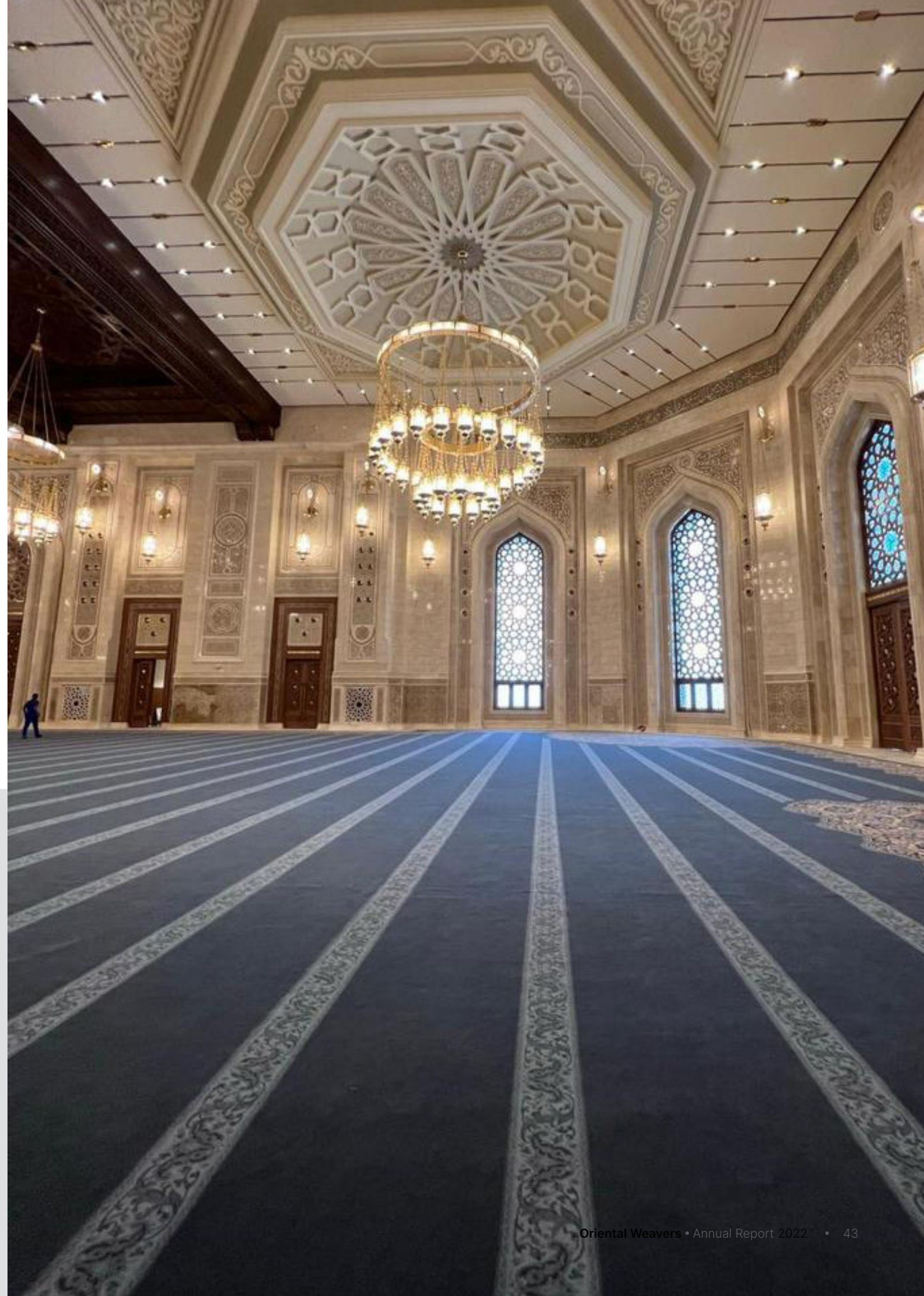
total revenues in 2022 (+6% y-o-y)

**245.5** EGP MN

revenues in 2022 (+17% y-o-y)

**309.8** EGP MN

revenues in 2022 (-1% y-o-y)





# ORIENTAL WEAVERS HOSPITALITY

Oriental Weavers Hospitality saw impressive triple-digit growth in its export business, with 265 international projects executed during the 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. OW Hospitality utilizes the most technologically advanced, high-speed axminster looms in the world, with top-rated wool processing, dyeing, and finishing equipment. Stationed in London with offices spread out across the US and in the UAE, OW Hospitality continues to solidify its flagship position in the global hospitality industry.

265

international projects in 2022

216

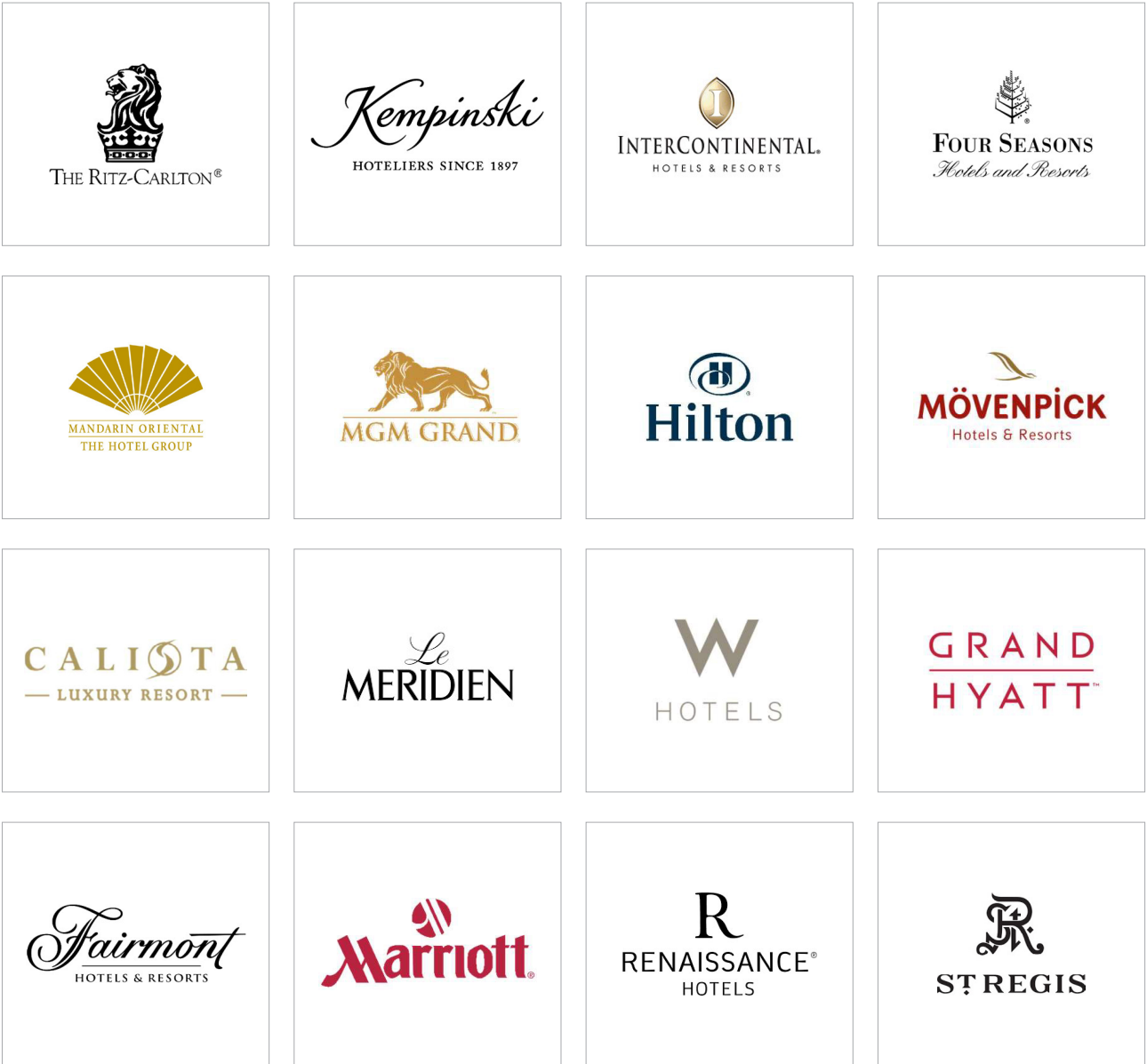
local projects in 2022

### 2022 Performance Overview

This was an exceptional year for OW Hospitality, which saw the company deliver extensive projects across both its export and local markets. The key highlight of the year was the massive rollout for Marriot UK, which included fully carpeting all areas of 13 Marriot hotels. The company reaffirmed its position as the supplier of choice for luxury hotels around the world during the year, with an upswing seen in operations on the back of a widespread recovery of tourism and leisure activities. Constantly implementing new sustainable production methods, OW Hospitality was certified as a Leader by MindClick in 2022, the highest rating on its scale based on metrics for environmental health.

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The company reaffirmed its position as the supplier of choice for luxury hotels around the world during the year.



Export Markets

2022 proved to be an outstanding year for OW Hospitality’s export segment, with the company securing and executing major deals in the market, with fully carpeting 13 Marriot hotels in the UK among others. Export revenues soared 432% y-o-y to reach EGP 250.1 million, up from EGP 47 million in 2021. The company successfully expanded its project scope worldwide, with a major emphasis on the UK, US, and KSA markets.

Top International Projects in 2022



Country: UK

Hotel

Marriot UK – 13 hotels

Hilton Park Lane

Everyman Cinemas



Country: USA

Hotel

Gaylord Taxen by Marriot USA

Churchel Downs Hotel



Country: Ireland

Hotel

Gaylord Taxen by Marriot USA

Churchel Downs Hotel

250.1 EGP MN

Revenues in 2022 (+432% y-o-y)



Country: KSA

Hotel

Ritaj Al Raian

Movenpick Al Haram

MOI



Country: UAE

Hotel

Address Marina



Country: Jordan

Hotel

Hilton Aqaba Hotel



Country: Syria

Hotel

Hilton Aqaba Hotel

Local Markets

In the local market, OW Hospitality saw a rise in projects, ranging in size, carried out across Egypt. Revenues grew 31% in 2022 to EGP 177.7 million compared to 135.3 million in 2021, due to an increase in project scope on the back of higher market activity levels resulting from the tourism rebound, which led the company to secure major hotel and governmental deals.

177.7 EGP MN

Revenues in 2022 (+31% y-o-y)

Top Local Projects in 2022

Egypt Islamic Cultural Center

Conrad Hotel Cairo

COP27 Convention Halls in Sharm El Sheikh

The Egyptian Parliament in the Administrative Capital

Al-Hussein Mosque

Intercontinental City Stars

Steigenberger Taba Hotel

Helnan Dream Land Hotel

Waldorf Astoria

Premier Le Reve Hotel Sahl Hashish

The Opera House in the Administrative Capital

El Alamein Hotel

Forward-Looking Strategy

Coming out of a robust performance for 2022, OW Hospitality is optimistic about its operational and financial prospects in the new year. The company plans on expertly executing its current projects and taking on more high-profile deals in 2023. Similar to its sister companies, OW Hospitality seeks to expand its global footprint into burgeoning markets in South America and the Middle East. The company is eyeing a venture into the cruise market in the near future, a move that will spur substantial growth and breadth within the hospitality sector and broaden its roster of clients.



النساجون الشرقيون  
ORIENTAL WEAVERS

# SUSTAINABLE ACTION

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.





# ENVIRONMENTAL INVESTMENTS

Oriental Weavers consistently improves upon its methods of sustainable production and consumption reduction across the Group in line with the best global practices, contributing to the preservation of the integrity of the natural system.



Oriental Weavers is ISO 14001 and ISO 50001 certified and GRS certified

100%

legal compliance with environmental regulations

**A Long-Standing Commitment to Sustainability**

As one of the world’s prominent 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 Group 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 it is ISO 14001 and ISO 50001 certified. Oriental Weavers and its subsidiaries follow robust frameworks that enable them to effectively reduce the environmental impact of their manufacturing activities and to leverage processes that enrich their operational excellence through the lens of sustainability. With these efforts, the Group has successfully managed to significantly reduce its water and energy consumption, integrate recycled materials into new products, and reduce GHG and carbon emissions across its footprint.

The green aspect of Oriental Weavers’ sustainable development strategy revolves around four main pillars: energy efficiency, water conservation, waste management, and tree planting. These elements fall in line with five of the UNSDGs.



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 also has an Emergency Committee that is responsible for consistently promoting the safeguarding and maintenance of the environment across the Group.

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Oriental Weavers constantly monitors its energy consumption in order to explore and adopt practices that minimize any negative effects that its operations can have on the environment.

Energy Efficiency

Oriental Weavers constantly monitors its energy consumption in order to explore and adopt practices that minimize any negative effects that its operations can have on the environment. Its efforts to reduce its carbon footprint, reduce GHG emissions, and substitute current energy sources with cleaner alternatives have played a pivotal role in driving higher energy efficiency across the Group's production facilities.

At the cornerstone of its energy conservation initiatives, Oriental Weavers and its subsidiary companies are dedicated to achieving the target set in 2020 of reducing GHG and carbon emissions by 30% over the span of five years through the implementation of a highly efficient energy management system. In order to achieve this goal, Oriental Weavers has invested a total of USD 2 million across energy saving projects that have generated up to 11K MWh in electricity savings and reduced over 32,000 tons in carbon emissions by 2022. Throughout the year, the Group implemented a new energy management system to streamline energy efficiency. This included

15K TONS  
reduction in carbon emissions  
in 2022

2 USD MN  
invested across energy saving  
projects in 2022

compressed air system optimization, the installation of chilled water networks with power management systems, and several upgrades to the steam system.

Renewable Energy

Oriental Weavers has deployed the use of renewable energy resources as a means of cutting its emissions and meeting its sustainability goals. In March 2022, the Group successfully inaugurated its first ever solar power plant at its Alexandria Showroom. The plant generated 430,000 KWh of energy and reduced 442 tons of CO<sub>2</sub>.

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

11K MWH  
total energy saved in 2022

30%  
reduction in GHG and carbon  
emissions by 2025



Water Conservation

In efforts to reduce water consumption, Oriental Weavers invests in innovative water-efficient technologies that limit its significant dependence on water. The Group's five-year water conservation 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 for reducing 50% of water used for dyeing purposes. In 2022, Oriental Weavers successfully decreased its water consumption by 30,000 m<sup>3</sup> and recycled over 22,000 m<sup>3</sup> of water.

30K M<sup>3</sup>  
decrease in water consumption in 2022

20%  
reduction in water consumption by 2025

22K M<sup>3</sup>  
water recycled in 2022

Waste Management

Oriental Weavers typically generates solid waste of approximately 3,000 tons from its synthetic fiber and carpet manufacturing processes. In order to enhance operational efficiency, the Group has introduced policies to reduce waste and reuse and recycle resources and finished products. Oriental Weavers currently recycles approximately 30% of generated polypropylene, 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 Group utilizes a lean manufacturing system across its production facilities. This robust business model enables Oriental Weavers to

reduce product defects and other non-value-added activities, all while delivering products of superior quality at lower costs and greater efficiency levels.

Oriental Weavers is certified by the Global Recycled Standard (GRS) for both internal recycling of generated waste and outsourced recycled material. The GRS is a voluntary product standard for tracking and verifying the content of recycled materials in a final product. The standard applies to the full supply chain and addresses traceability, environmental principles, social requirements, chemical content, and labeling. With the GRS certification, Oriental Weavers reiterates its support for a circular economy that reduces waste by using it to create new products.

Waste type	Ton/year	Recycling
Polypropylene yarn waste	160	Internally
Polyester yarn waste	120	Internally
Polyethylene waste	120	Internally
Wooden pallet	1,200 counts	Internally
Carpet solid waste	280	Externally (sold)
Carton waste	80	Externally (sold)
Yarn waste	400	Externally (sold)

Tree Planting

A constituent element to Oriental Weavers’ sustainable development strategy is planting more trees. By doing so, the Group aims to contribute to the fight against global warming as trees play an important part in absorbing CO<sub>2</sub> 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 2022, the Group has successfully planted around 543K trees, with an annual carbon emissions reduction of over 20.7K tons.

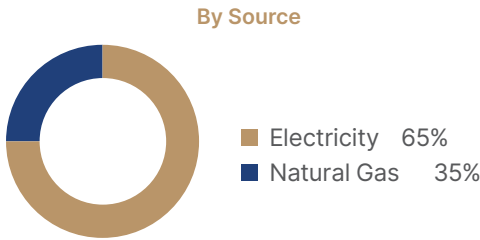
Oriental Weavers Hospitality has contributed to the Group’s tree planting strategy by joining UK-based initiative, More Trees, that offers customers the opportunity to plant a tree with every meter of carpet they

purchase. Through this initiative the Group aided in the planting of 10,000 trees during 2022.

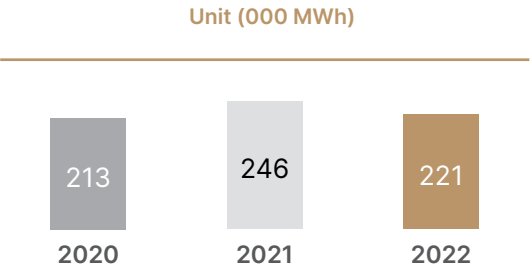
543k  
trees planted

1MN  
trees targeted by 2025

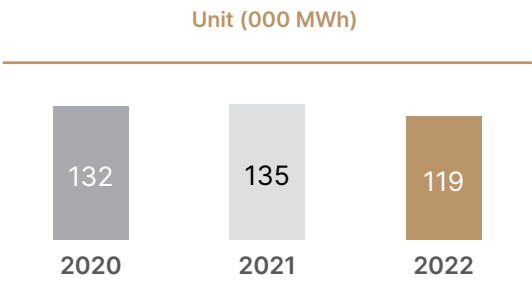
Energy Consumption in 2022



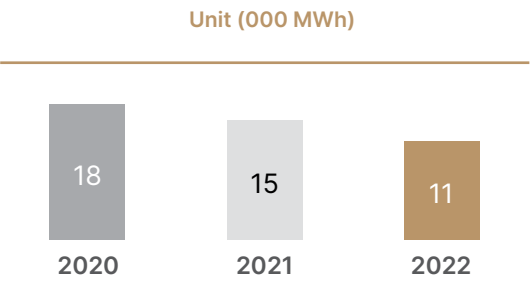
Electricity Consumption



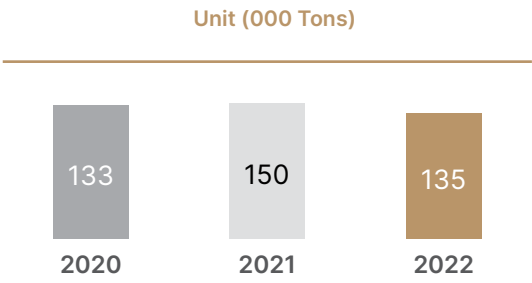
Natural Gas Consumption



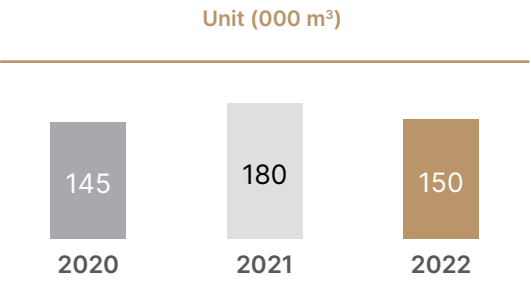
Energy Saved



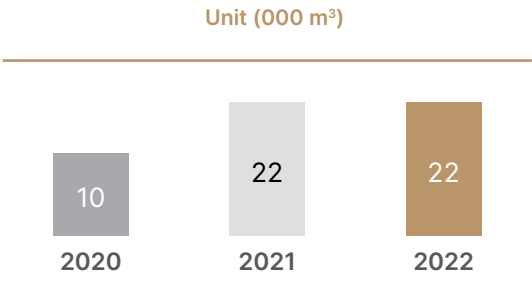
Carbon Emissions



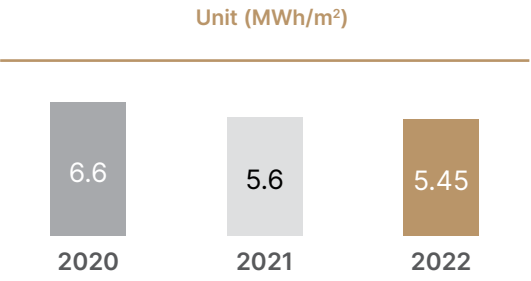
Total Water Consumption



Total Water Recycled



Energy Consumed Per Unit Carpet

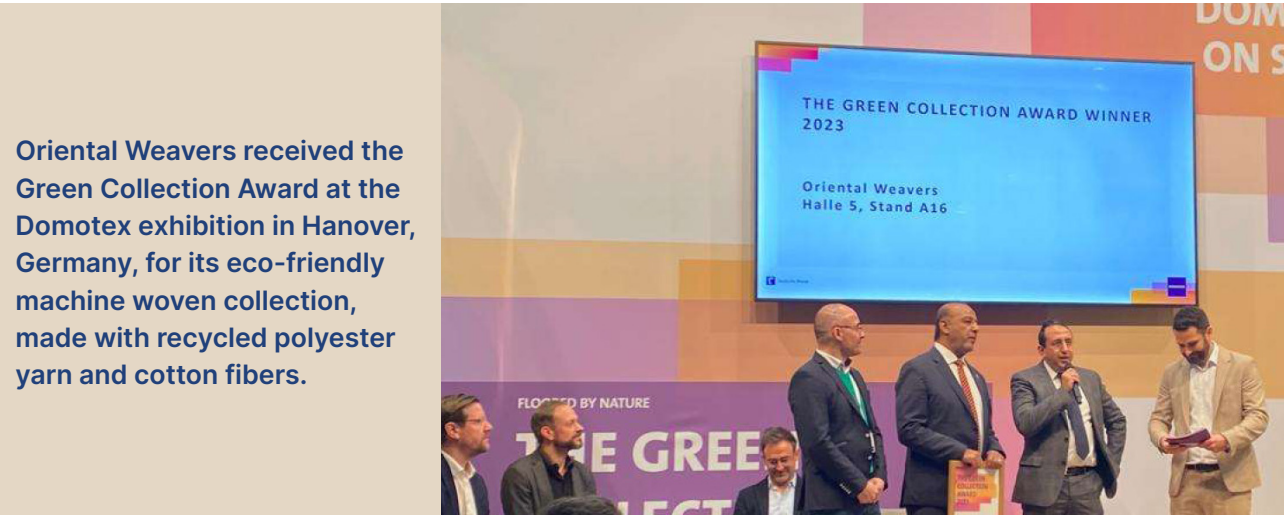




Sustainability Across the Group

It has become progressively more vital for Oriental Weavers and its subsidiaries to prioritize the broader influences of their operations on the environment. 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.



**Oriental Weavers received the Green Collection Award at the Domotex exhibition in Hanover, Germany, for its eco-friendly machine woven collection, made with recycled polyester yarn and cotton fibers.**



**OW Hospitality was rated as a Leader, the highest ranking on MindClick's environmental health scale.**

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 Group'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 reducing carbon and GHG emissions, and to 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 Group 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 2022. MAC additionally implements a waste management system across its operations, installing water treatment plants that reuse and recycle industrial wastewater for manufacturing purposes. The Group has been certified by global, multistakeholder organization Zero Discharge of Hazardous Chemicals (ZDHC), which works collectively with companies to eliminate harmful chemicals from the global supply chain, paving the way toward cleaner and more sustainable chemical management in the textile industry.

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

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**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.**

organizations across the globe. The Group 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. MAC was awarded the UNIDO Chemical Leasing Award in 2021, in recognition of the Group's effective operations with chemicals in its production processes. All in all, these diligent efforts have successfully contributed to the Group's strategy of working toward the long-term goal of a zero-waste environment and paving the way for a sustainable future.

EFCO

EFCO'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 Group 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 95% of its products now manufactured using recycled polyester instead of the previously used polypropylene. Throughout 2022, the Group implemented several substitutions of materials that have a negative effect on the environment with more biodegradable and

cost-cutting alternatives. It drastically cut the use of gel foam, replacing it with thermal plastic rubber or anti-skidding hot melt materials for over 65% of its products. EFCO also eliminated the use of latex for lamination, making the switch to heat techniques.

In addition to sustainable raw materials, EFCO also strongly focuses on using biodegradable and sustainable packaging. As such, the Group 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 Group has successfully built three water treatment units that are large enough to cover all extensions, working at full capacity to purify contaminated water.

As a result of its many efforts toward aligning itself with increasingly higher environmental standards, EFCO is currently in the process of receiving the prestigious Sustainable Textile Production (STeP) certification by OEKO-TEX. Expected to be completed in the first quarter of 2023, this certification distinguishes EFCO from others in regard to the transparency and efficiency of its conditions for sustainability.

EFCO's efforts toward sustainable development were commemorated through numerous awards and accolades throughout the years. The Group's products 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 the recycled content of the Group's products in compliance with the 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

Fulfilling its social responsibility by actively participating in impactful initiatives that benefit both its employees and the communities it operates in continues to be a fundamental priority for Oriental Weavers.

## Maximizing Our Social Impact

Oriental Weavers creates social value and leaves a positive impact on its surrounding communities. The Group contributes to the development of key drivers of social progress, such as education and healthcare, through an ever-growing number of initiatives and programs it deploys through its expansive footprint. In 2022, Oriental Weavers’ social responsibility initiatives centered mainly around three pillars: youth empowerment, health and wellness, and art and innovation. These pillars fall in line with four of the 17 UNSDGs.



### Good Health and Wellbeing

Oriental Weavers diligently works to ensure people receive equitable access to quality healthcare through Mohamed Farid Khamis Specialized Hospital, investing in medical equipment, making healthcare donations, and sponsoring patients through their medical journeys.



### Quality Education

Oriental Weavers consistently empowers youth and nurtures their excellence by providing sufficient support to university students, in addition to providing the necessary equipment to disabled students to ensure equality of academic access.

Oriental Weavers is a proud member of the United Nations Global Compact (UNGC), the world’s largest voluntary corporate sustainability initiative, in a move to enhance its sustainability efforts. Taking its commitment to sustainability a step further, Oriental Weavers was appointed as a founding member of the Africa Business Leaders Coalition (ABLC), a CEO-led initiative emanating from the UNGC Africa Strategy 2021–2023, and is committed to advancing sustainable growth, prosperity, and development in Africa by bringing measurable impact to its most pressing issues.



### Decent Work and Economic Growth

Oriental Weavers aims to protect the rights of its personnel and promote an inclusive, safe, and healthy working environment for all its employees. The Group offers world-class specialized training courses that unlock a multitude of career prospects for its employees by equipping them with the market skills needed to enhance employability.



### Partnerships for the Goals

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.

### Learning and Development Initiatives

#### Top 100 Students

In 2022, the Group sponsored 300 students through the “Top 100 Students” program, sponsored by Farid Khamis for Development Foundation (FK Foundation) and in collaboration with the Ministry of Education and Technical Education. The program aims to support and nurture excellence and bolster the education and development of the community’s youth by supporting their higher education journey by sponsoring the highest-ranking secondary school graduates all over Egypt for their university education and the highest-ranking elementary school graduates for their secondary school. The education program has been active for 19 years, providing students with a comprehensive suite of financial and moral support services ranging from university fees and allowances to books, equipment, accommodation, and training courses.

#### Mobility Sponsorship

Every year, Oriental Weavers funds the transportation fees for 3.8K students. This funding facilitates their trips to and from university through sponsored buses. This project is managed by Khamis for Development Foundation.

3.8K

students per year under the Mobility Sponsorship

300

students sponsored in 2022

3,774

beneficiaries from the “Top 100 Students” program to date

36 EGP MN

expenditure on “Top 100 Students” program to date

2 EGP MN

expenditure on Student Mobility program in 2022



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 for students looking to kick-start their careers. Additionally, and as part of the Group'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.

Art Competition Award Ceremony

For the past seven years, Oriental Weavers has been partnering with Hayah International Academy to sponsor the Art Competition Award Ceremony. As a means to nurture creativity and talent, the competition celebrates the artwork of students from schools across Egypt. Under the theme "A Celebration of Egyptian Heritage: Interpretation Through Art", the competition was held at the Grand Egyptian Museum. Involving 40 Schools from around the country, 800 artworks made by the most creative and talented students were displayed. The winners, 40 paintings inspired by Egyptian heritage, were turned into small hanging carpets to celebrate the achievement. Moreover, this year witnessed a more inclusive approach, where young talents with special needs were given the opportunity to join the competition.

“Oriental Weavers is a proud member of the UNGC, the world’s largest voluntary corporate sustainability initiative, in a move to enhance its sustainability efforts.

16 students granted internships in 2022

Healthcare and Wellness Initiatives

Oriental Weavers continues to support a myriad of nonprofit 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. The Group additionally participates in various development initiatives to safekeep the wellbeing of local communities.

Mohamed Farid Khamis Specialized Hospital

Mohamed Farid Khamis Specialized Hospital dedicated half of its profits to charity cases. In early 2022, EGP 10 million were injected into the hospital to fund its renovation. This refurbishment includes a new CT unit, new operations room, laboratories, IC unit with a capacity of 12 beds, blood bank, and a preterm infants unit. This extension aims to expand the hospital's capacities and enable it to onboard more pro bono cases.

50% of the hospital's revenues are allocated to charitable causes

10 EGP MN expenditure on hospital renovations in 2022

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 Group continues to honor its commitment of raising awareness and supporting women living with breast cancer, while also contributing to medical studies and conducted research. Additionally, Oriental Weavers has adopted speech delay and human development as part of its focus on the healthcare sector.

200 sponsored cases in 2022

In alignment with this, the Group sponsors specialized classes for children with speech delays and continues to sponsor children with disabilities.

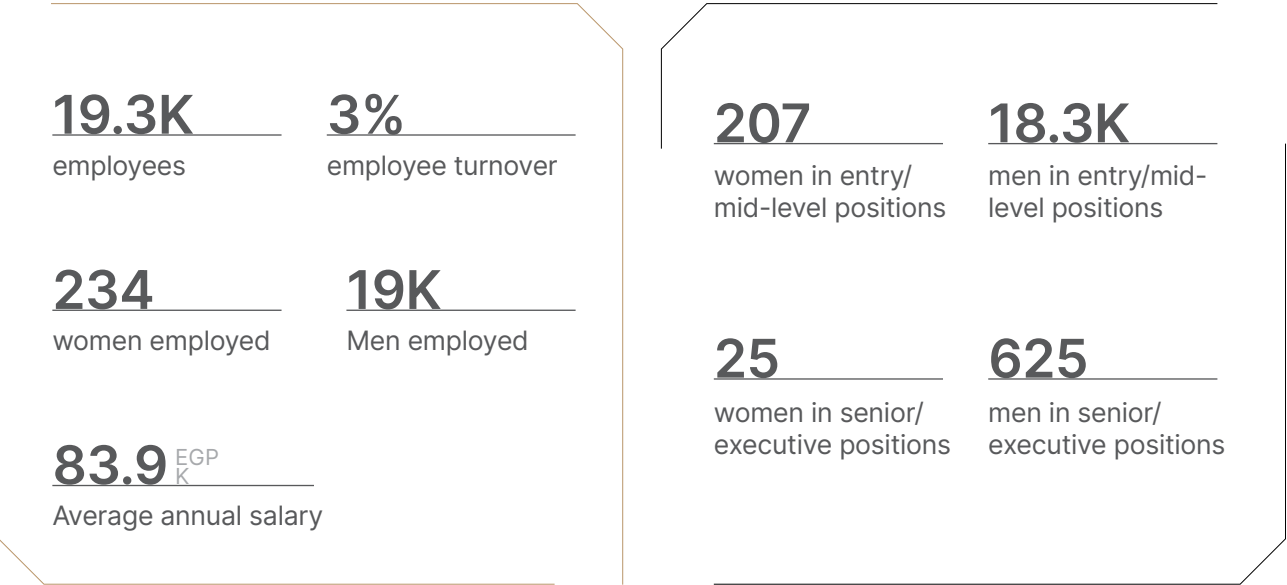
Hayah Karima and Tahya Misr

Oriental Weavers partnered with the Hayah Karima initiative to provide wall-to-wall covering to several mosques and family homes across the country. The Group also joined forces with Tahya Misr, a government-led charity, on several initiatives to help the underprivileged and underserved segments of the population.

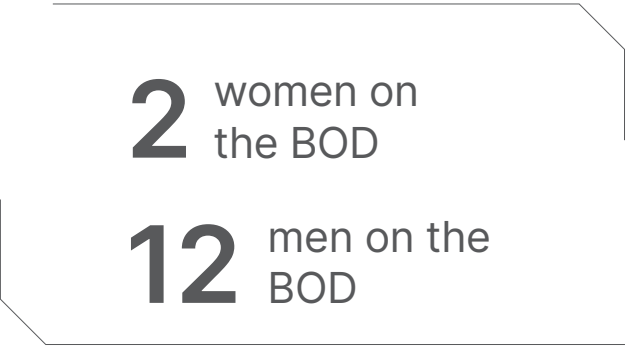




Our People



**Oriental Weavers Academy**  
Oriental Weavers offers its employees specialized in-house trainings through tailored educational courses at its world-class Oriental Weavers Academy. The courses are built to hone employees’ skills, positioning them for growth and advancement both within the Group and in their careers on a broader scale. Oriental Weavers Academy provides trainings on an array of subjects, allowing employees to progress in different areas from operational to management skills.



Employees Trained in 2022

Number of employees trained	Subject
572	Technical training for production
24	Quality management
578	General training for new recruits
69	Management skills
1,816	Health and safety
3,059	Total

**HSE and Employee Rights**  
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 Group 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

**Health and Safety**  
Oriental Weavers is dedicated to the promotion of a healthy and secure work environment across the Group. Its 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, 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 actions to mitigate them.

**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 ensure full compliance to the code of conduct, multiple seminars and awareness sessions have been conducted across the Group’s departments. Oriental Weavers updated its code of conduct in 2021, setting higher standards for the Group and its stakeholders.

**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, wellbeing, and educational development. Accordingly, the Group 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 for its employees, the Group has a zero-tolerance policy for violence and sexual harassment. It recognizes the right of all employees to a workplace free from harassment and sets clear frameworks to address and eliminate violence and harassment through an integrated and inclusive approach. All



allegations and complaints are 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 Group’s policies prohibit any discrimination among 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 Group’s employment decisions, including recruitment, dismissals, and any other matters regarding terms and conditions of employment, are also not exempt from anti-discrimination mandates.

Oriental Weavers completed the UNGC program, the Target Gender Equality accelerator. The initiative aims to create a more inclusive and diverse workforce by setting ambitious corporate targets for women’s representation and empowerment. Oriental Weavers was recognized as a champion of the accelerator, going above and beyond with its dedication to gender equality in the workplace.

**Anti-Bribery and Anti-Corruption**  
Oriental Weavers does not offer, directly or indirectly, any item to a third party, including any governmental agency, to unethically influence any business decision they should make or to gain an unfair advantage. The Group has in place a whistleblowing mechanism, where all complaints are directly reported to the chairman. Investigations are implemented by an investigation committee to resolve any issue that should arise.





النساجون الشرقيون  
ORIENTAL WEAVERS

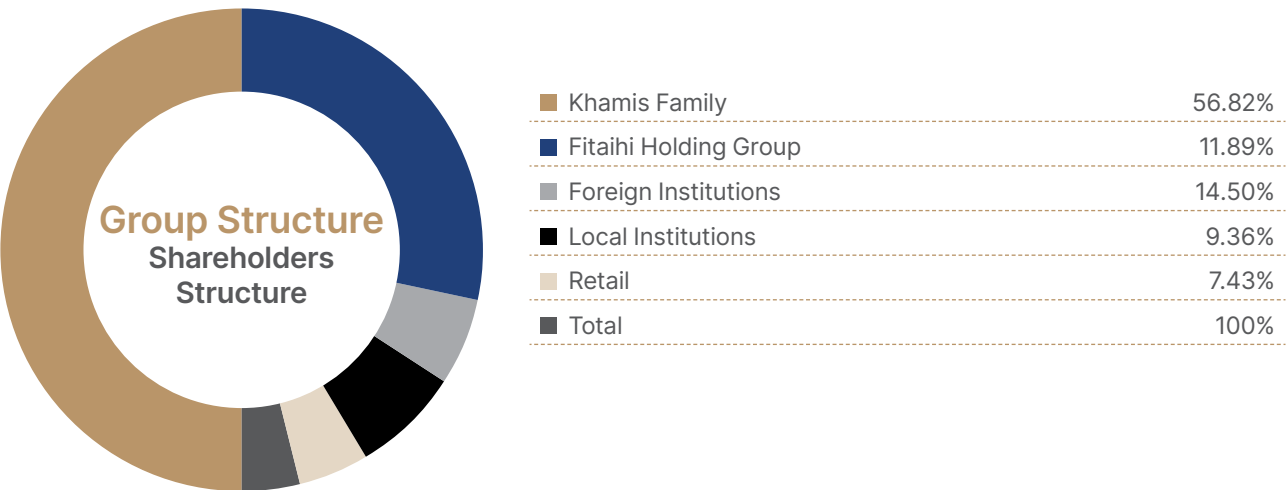
# CORPORATE GOVERNANCE



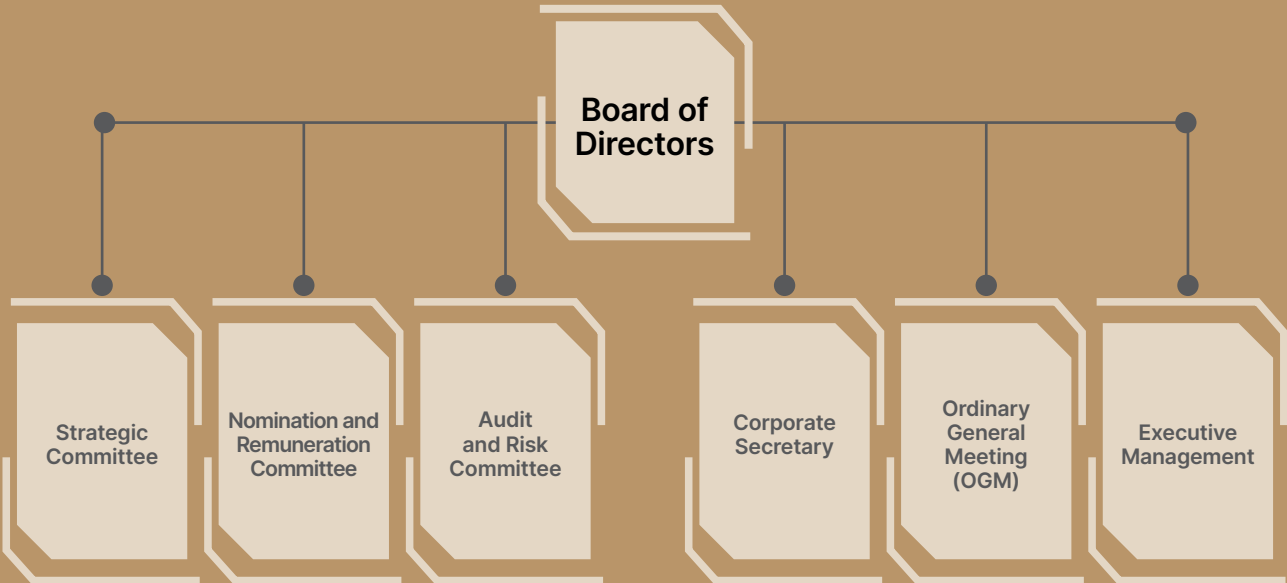
# CORPORATE GOVERNANCE

Oriental Weavers’ robust corporate governance framework protects the interests of its shareholders and works to streamline its systems and processes across its global footprint.

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



# GOVERNANCE STRUCTURE





Board of Directors

Yasmine Mohamed Farid Khamis	Non-Executive Board Member, Chairwoman
Salah Abdel Aziz Abdel Motalab	Executive Board Member CEO & Managing Director
Farida Mohamed Farid Khamis	Non-Executive Board Member
Mohamed Mahmoud Fawzy Khamis	Executive Board Member CEO for Development Affairs
Amr Mahmoud Fawzy Khamis	Executive Board Member CEO for Manufacturing
Mohamed Katary Abdullah	Non-Executive Board Member
Medhat Hussein	Non-Executive Board Member
Hany Mahmoud Amin	Executive 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
Mohamed Mohamed Farid Khamis	Non-Executive Board Member
Dr. Khaled Abdel Aziz Hegazy	Independent Board Member
Ayman Ismail	Independent Board Member
Ashraf Bakry	Independent Board Member

Oriental Weavers’ Directors boast a wide spectrum of expertise, with a solid understanding of manufacturing, sales and distribution, finance, and supply chain. 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, determines the best ways for applying good governance, and endorses professional policies and procedures that enable the company’s employees to bolster their performance.

14 members



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 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 Chair

Ms. Yasmine Mohamed Farid Khamis is a recognized strategic leader in the carpet industry known for her contributions to both the industry and Oriental Weavers. Throughout her extensive career in marketing, she 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 Bachelor of 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**  
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 40+ years, he held numerous top-tier planning and administrative positions within the company, 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.



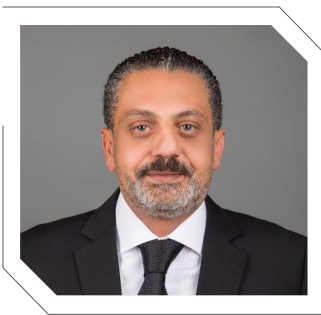
**Ms. Farida Mohamed Farid Khamis**

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 Bachelor of Business Administration from The American University in Cairo and, subsequently, completed training sessions at Citibank in New York, USA, and with EFG Hermes, Egypt. For the past 19 years, she has overseen the entire investment portfolio and structured international transactions raising corporate finance and international investments. Ms. Farida Khamis is currently the Chair of The British University in Egypt (BUE) and The Egyptian Propylene and Polypropylene Co. (EPP). She is also a Board Member of Rameda Pharmaceutical Company, Endeavor Egypt, and Observer Board Member of the British Egyptian Business Association (BEBA). Alongside her board memberships and chairperson positions, she is a member of the Young President's Organization (YPO) and has been involved with the organization at both regional and international levels.



**Eng. Mohamed Mahmoud Fawzy Khamis**  
CEO for Development Affairs

Mr. Mohamed Mahmoud Fawzy Khamis serves as Managing Director for Development Affairs. His twenty plus 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**  
CEO for Manufacturing

Mr. Amr Mahmoud Fawzy Khamis serves as CEO for Manufacturing. Throughout 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. Mohamed Katary Abdullah**

With over 30 years of financial management experience, Mr. Mohamed Katary Abdullah currently serves as the Director of Finance at Oriental Weavers. 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**

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; the Procurement Director; and the Head of the Design and Engineering Departments.



**Mr. Hany Mahmoud Amin**

Mr. Hany Amin serves as the General Exports Director for Oriental Weavers, and has 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 US, partnering with a multitude of major international customers and companies. He graduated from the American University in Cairo in 1997 with a bachelor's degree in economics, and also holds a master's degree in business administration with a specialization in Marketing.





### Mr. Seif El Din Awni

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 bachelor's degree 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 enrolled in the PhD program of the GUC, with a specialization in finance and investment.



### Mr. Khaled El Said Ahmed Mohamed

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, in addition to 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 bachelor's degree in commerce from Ain Shams University, a postgraduate diploma in general insurance from Cairo University, and is a registered insurance consultant at the Financial Supervisory Authority under decree no. 248 of 2007.



### Mr. Mohamed Mohamed Farid Khamis

Mr. Mohamed Farid Khamis has held numerous positions at Oriental Weavers, becoming 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 bachelor's degree in marketing from the British University in Egypt.



### Dr. Khaled Abdel Aziz Hegazy

Dr. Hegazy has extensive experience in financial and management advisory, finance and banking, and auditing and corporate governance. He has also been a registered Consultant with the World Bank in Egypt since July 2009 and is a registered Certified Public Accountant in Egypt. He was awarded the Fulbright's Commission Senior Scholar Scholarship, and he is a visiting Professor at Kellogg Graduate School of Management at Northwestern University (Evanston, Illinois USA) and the School of Business and Economics at the UAE University (Al Ain, UAE). He serves as a Professor of Accounting and Associate Dean of the Finance and Business School at New Giza University. Dr. Hegazy currently serves as a Non-Executive Board Member and Chair of the Audit Committees of Misr Life Insurance, and the Administrative Capital for Urban Development (ACUD), and previously in Barclays Bank Egypt, Incolease, and the Egyptian Resort Company (ERC). He graduated from the Faculty of Commerce, Cairo University, with a Bachelor of Commerce in accounting. He holds an MSc and PhD in accounting and finance from the London School of Economics and Political Sciences, University of London.



### Mr. Ashraf Bakry

Mr. Ashraf Bakry, the Vice President of Future Fit Operations for Unilever in the North Africa and Middle East region, brings over 25 years of extensive experience in both supply chain and general management in multinational organizations. Mr. Bakry began his career as a Demonstrator at the Faculty of Engineering before joining Procter & Gamble, where he spent six years in various manufacturing assignments in KSA, as well as regional category international assignments. He later joined Unilever as a Factory Manager and eventually became the Managing Director, leading the Unilever business in the Mashreq region until July 2021. His impressive experience in managing 10 factories across the region, as well as associated procurement, logistics, cross-border sourcing, customer service, and demand/supply planning, makes him a valuable addition to Oriental Weavers' Board of Directors.



### Mr. Ayman Ismail

Mr. Ayman Ismail is a Harvard graduate and recipient of numerous global awards for his leadership, strategic thinking, and marketing achievements. He is also known for his passion for CSR. He brings 26 years of diverse experience at two leading multinational companies, P&G and PepsiCo. He was PepsiCo's South Asia, Middle East, and Africa Regional Vice President, where he led the establishment of the joint venture of PepsiCo and Almarai to establish PepsiCo's first introduction into the dairy market. Mr. Ismail later joined DMG/Mountain View Group and led its expansion, especially the establishment of Mountain View as a leading real estate company. As a firm believer in the importance of education and the potential the real estate business has in Egypt, he established the Real Estate Academy in Egypt in cooperation with The American University in Cairo and the National University of Singapore. Additionally, he played an active role in setting Egypt's Vision 2030. He has consulted for a number of US, European, Arab, and Egyptian corporations and NGOs.

Board Committees

The Board has three committees dedicated to fulfilling their diverse duties and tasks, with an eye for ensuring compliance and responsible behavior across the business.

Audit and Risk Committee	
Dr. Khaled Hegazy	Chairman
Farida Khamis	Member
Ayman Ismail	Member

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

The Internal 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 the 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 competent and 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 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 or dismissals of the head of internal audit and remuneration to the Board of Directors;
- Recommending the appointment, dismissal, and compensation of the external auditors to the Board, as well as 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 the financial statements and accounting policies; and
- Ensuring clear lines of communication between the Committee, the external auditor, the head of internal audit, and management.

Nomination and Remuneration Committee	
Ashraf Bakry	Chairman
Amr Khamis	Member
Nahla Salama	Member

The Nomination and Remuneration Committee is responsible for setting remunerations for all Executive Directors and the chair. It is also mandated to recommend and monitor the level and structure of remuneration for all senior management.

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

The committee's main responsibilities include:

- Identifying individuals qualified to become Board Members and recommending nominees to the Board;
- Recommending nominees for each committee of the Board to the Board;

- Overseeing all matters relating to Board Member and C – Level Executive Officers' compensation;
- Identifying the skill set required for membership of the Board of Directors and preparing a description of the required capabilities and qualifications for such membership, including the time that a Board member should reserve for the Board;
- Human resource (HR) matters, including hiring, evaluation, compensation, and succession planning for the Managing Director, Senior Management, and other employees; and
- Any other matters that the Board may, from time-to-time, delegate to the committee.

Strategic Committee	
Ayman Ismail	Chairman
Yasmine Khamis	Member
Farida Khamis	Member
Mohamed Khamis	Member
Dr. Khaled Hegazy	Member
Ashraf Bakry	Member

The Strategic Committee is responsible for the annual update of the goals and objectives of the company and the preparation of a three-year strategic plan.

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

The committee's main responsibilities include:

- Strategy Formation and transformation;
- Investment gateway across all company's projects;
- Annual operation and budget plan and quarterly business and budget review;

- Reviewing the company's investment strategies and policies, including the Investment Policy Statement, Risk Appetite, and Strategic Asset Allocation; and
- Overseeing the optimal allocation of the company's assets.



Executive Management

Oriental Weavers is managed by a world-class Executive Team of industry veterans who have 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	Title
Yasmine Mohamed Farid Khamis	Chairwoman
Farida Mohamed Farid Khamis	Vice President of Corporate Finance
Salah Abdel Aziz	CEO and Managing Director
Mohamed Mahmoud Fawzy Khamis	CEO for Development Affairs
Amr Mahmoud Fawzy Khamis	CEO for Manufacturing
Mohamed Katary Abdullah	Director of Financial Affairs
Hany Mahmoud Amin	Export Sales Director
Radwa Mostafa Kamel	Group Treasury and Budgeting Manager
Yasmine El Gohary	Investor Relations Manager
Shehta Farouk	Group Financial Controller
Walaa El Husseiny	Corporate Governance and Sustainability Director
Ahmed El Baz	Marketing Director
Nahla Salama	HR Director

2022 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	4/6
Amr Mahmoud Fawzy Khamis	5/6
Mohamed Katary Abdullah	6/6
Medhat Hussein	6/6
Hany Mahmoud Amin	5/6
Seif El Din Awni	4/6
Khaled El Said Ahmed Mohamed	6/6
Mohamed Mohamed Farid Khamis	0/6
Dr. Khaled Abdel Aziz Hegazy	-
Ayman Ismail	-
Ashraf Bakry	-

In 2022, the Board of Directors set the dates, procedures, and agendas for the General Assembly and concluded approvals for the sale of the company’s facility in China.

Changes to the Board of Directors

Oriental Weavers' Board of Directors underwent several changes during the year to its governance structure. Dr. Khaled Hegazy, Ashraf Bakry, and Ayman Ismail were appointed as Independent Directors. Wadouda Badran, Mohamed Amer, El-Sayed Rashed, and Mahmoud Amin all resigned from their memberships.

Compliance

Oriental Weavers has in place a strategic priority to develop a compliance program. With this, 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, 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 to 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.

Oriental Weavers' continued commitment to reviewing its policies and procedures aims to safeguard clarity and efficiency across the company's functions and core operations as part of its compliance program. This additionally includes ensuring full compliance with the relevant laws governing its industry, including competition and protection laws.

Whistleblowing Policy

Oriental Weavers has in place a transparent, safe whistleblowing mechanism for its employees in order to facilitate the reporting of any misconduct, fraud, discrimination, or social and environmental violations, while ensuring the full protection and anonymity of the person who filed the complaint.

Investor Relations

Oriental Weavers' Investor Relations (IR) Department is committed to building strong relationships with investors and other stakeholders by providing timely and accurate information about the company's performance, strategies, and future plans. To achieve this goal, the IR Department works closely with senior management to develop a comprehensive communication strategy that integrates finance, marketing, and communication. This approach ensures that information is disseminated effectively and

efficiently to all stakeholders, including individual and institutional investors, analysts, and the media.

The IR Department uses various communication channels to provide investors with the information they need to make informed decisions. These channels include quarterly earnings conference calls, meetings with investors and analysts, press releases, presentations, and an updated IR website. In addition, the department produces an annual report that provides a detailed overview of the company's financial performance, strategy, and future plans.

One of the key objectives of the IR Department is to maintain transparency and accessibility of information. To achieve this, the department is proactive in engaging with investors and responding to their inquiries in a timely manner. The IR Department also closely monitors market trends and investor sentiment to ensure that the company's communication strategy is aligned with the changing needs of investors.

Stock Performance

Oriental Weavers has been listed on the Egyptian Exchange (EGX) since 1993. As of 29 December 2022, the company's 665 million shares registered a price per share (PPS) of EGP 10.40 and a market capitalization of c. EGP 6.9 billion. Oriental Weavers is covered by leading domestic and international research houses. At present, eight institutions regularly issue research reports on the company.

After an incredible performance across the Group during 2021, global disruptions caused by the ongoing Russia-Ukraine conflict in early 2022 affected our export sales, as one of our key clients closed several stores in

**Code:** ORWE.CA

**Share Listing:** Cairo, Egypt

**Currency:** EGP

**Shares Outstanding:**  
655,107,268

**Par Value/Share:** EGP 1

the region. This inevitably impacted stock performance during the year. However, the company was able to collect exceptional export rebates during the year, which helped offset some of the losses from the decline in export sales, which, coupled with the USD income favorably reflected in EGP terms as a result of the devaluation, helped bolster the company's share price. As a result, Oriental Weavers closed the year with a 19.6% increase in its stock price by the end of the year.

This positive performance is a testament to the resilience and adaptability of Oriental Weavers, which allowed it to navigate through challenging market conditions and emerge stronger. The Group's diversified approach has helped ensure that it is well-prepared to deal with unforeseen events and minimize their impact on its business operations and financial performance.







النساجون الشرقيون  
ORIENTAL WEAVERS

# 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, 2022 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.

## 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, 2022 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

As described in Note (24, 33) We draw attention that the Oriental Weavers Company - United States of America "subsidiary", which statements reflect total assets and revenues for this company constituting 12.5% and 15.2% respectively, of the related to consolidated totals, were audited by other auditor who issued unqualified audit report dated February 17, 2023 and his report included an emphasis of matter paragraph that the Company's financial statements have been prepared assuming that the Company will continue as a going concern, the Company has suffered from a loss before income taxes and negative cash flows from operations and its line of credit is subject to a forbearance agreement, therefore has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management has plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The other auditor opinion is not modified with respect to this matter. Also our opinion on these consolidated financial statements as of December 31, 2022 is not modified with respect to this matter

Cairo : February 26, 2023

Tarek Salah

B.T. Mohamed Hilal & Wahid Abdel Ghaffar  
Public Accountants & Consultants



# Consolidated statement of financial position

As of December 31, 2022  
(All amounts are in Egyptian Pounds)

	Note Nº	31/12/2022	31/12/2021
<b>Non current assets</b>			
Fixed assets	(6)	5 584 443 999	4 123 469 957
Projects in progress	(7)	354 803 673	251 524 502
Right of use assets	(8)	371 454 730	331 134 228
Investments at fair value through other comprehensive income	(9)	644 580 582	337 053 723
<b>Total non current assets</b>		<b>6 955 282 984</b>	<b>5 043 182 410</b>
<b>Current assets</b>			
Inventory	(10)	6 030 835 914	4 214 763 998
Trades and notes receivable	(11)	2 427 736 573	1 964 652 995
Debtors and other debit accounts	(12)	482 457 718	420 710 870
Treasury bills	(13)	1 813 065 128	1 538 902 582
Cash at banks and on hand	(14)	1 419 848 056	984 323 081
		<b>12 173 943 389</b>	<b>9 123 353 526</b>
Non-current assets held for sale	(15)	45 907 154	--
<b>Total current assets</b>		<b>12 219 850 543</b>	<b>9 123 353 526</b>
<b>Total assets</b>		<b>19 175 133 527</b>	<b>14 166 535 936</b>
<b>Equity</b>			
Issued and paid up capital	(17)	665 107 268	665 107 268
Reserves	(18)	1 871 386 892	1 626 905 765
Retained earnings		453 330 882	397 583 842
Net profit for the year		842 885 161	1 085 407 428
Exchange differences arising on translation of financial statements		6 258 366 013	3 541 296 155
<b>Total equity attributable to the parent company</b>		<b>10 091 076 216</b>	<b>7 316 300 458</b>
Non controlling interest	(19)	1 164 176 233	940 682 319
<b>Total equity</b>		<b>11 255 252 449</b>	<b>8 256 982 777</b>
<b>Non current liabilities</b>			
Long term loans	(20)	391 648 532	305 013 698
lease contracts liabilities	(21)	302 929 010	268 758 749
Deferred tax liabilities	(22)	155 601 708	165 253 853
<b>Total non current liabilities</b>		<b>850 179 250</b>	<b>739 026 300</b>
<b>Current liabilities</b>			
Provisions	(23)	156 594 190	101 278 366
Banks-Credit accounts	(24)	4 610 032 366	3 029 042 301
Lease contracts liabilities - current portion	(21)	111 125 401	87 148 255
Long term liabilities - current portion	(20)	275 547 046	122 141 496
Trades and notes payable	(25)	1 016 636 587	1 105 247 056
Dividends payable		31 767 583	15 902 661
Creditors and other credit accounts	(26)	672 877 095	585 177 706
Tax payable		171 024 704	124 589 018
		<b>7 045 604 972</b>	<b>5 170 526 859</b>
Liabilities directly related to non-current assets held for sale	(15)	24 096 856	--
<b>Total current liabilities</b>		<b>7 069 701 828</b>	<b>5 170 526 859</b>
<b>Total liabilities</b>		<b>7 919 881 078</b>	<b>5 909 553 159</b>
<b>Total equity and liabilities</b>		<b>19 175 133 527</b>	<b>14 166 535 936</b>

The accompanying notes from Nº.(xx) to Nº. (xx) form an integral part of these consolidated financial statements.

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

# Consolidated statement of income

For the financial year ended December 31, 2022  
(All amounts are in Egyptian Pounds)

	Note Nº	31/12/2022	31/12/2021
Net sales		13 255 653 997	11 403 371 207
<b>Less:</b>			
Cost of sales		11 999 575 090	9 569 279 743
<b>Gross profit</b>		<b>1 256 078 907</b>	<b>1 834 091 464</b>
<b>Add / (less):</b>			
Financial investments revenues		28 420 729	23 845 812
Capital gain		12 394 893	16 304 630
Other revenues		800 119 891	101 112 724
Treasury bills returns		150 599 414	167 073 038
Interest income		47 965 991	16 706 764
Distribution expenses		( 171 885 363)	( 155 609 036)
General and administrative expenses		( 436 874 114)	( 363 085 879)
Provisions no longer needed		--	3 722 564
Expected credit loss	(16)	( 49 010 753)	4 751 904
Formed provisions and impairment		( 118 373 625)	( 36 973 097)
Finance expenses	(27)	( 304 052 060)	( 197 049 021)
Foreign exchange differences		( 72 646 826)	( 20 692 597)
<b>Net profit for the year before income tax</b>		<b>1 142 737 084</b>	<b>1 394 199 270</b>
<b>(Less)\ Add:</b>			
Current income tax		( 200 171 492)	( 162 752 974)
Deferred tax		1 607 913	( 20 751 896)
<b>Income tax for the year</b>		<b>( 198 563 579)</b>	<b>( 183 504 870)</b>
<b>Net profit for the year after income tax</b>		<b>944 173 505</b>	<b>1 210 694 400</b>
<b>Attributable to:</b>			
The parent company		842 885 161	1 085 407 428
Non controlling interest		101 288 344	125 286 972
		<b>944 173 505</b>	<b>1 210 694 400</b>
<b>Basic earnings per share in the separate financial statements</b>			
	(28)	2.06	1.19

The accompanying notes from Nº.(xx) to Nº. (xx) form an integral part of these consolidated financial statements.

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

# Consolidated statement of comprehensive income

For the financial year ended December 31, 2022

(All amounts are in Egyptian Pounds)

	31/12/2022	31/12/2021
Net profit for the year	944 173 505	1 210 694 400
Other comprehensive income		
Changes in fair value of investments	180 926 786	98 414 585
Translation exchange differences	2 978 546 812	( 4 619 922)
Foreign exchange differences resulting from liberalization the exchange rate	( 130 478 551)	--
Deferred tax related to other comprehensive income items	( 1 529 990)	--
Total other comprehensive (loss) after tax	3 027 465 057	93 794 663
Total comprehensive income for the year	3 971 638 562	1 304 489 063
Attributable to:		
The parent company	3 646 828 293	1 179 521 527
Non controlling interest	324 810 269	124 967 536
	3 971 638 562	1 304 489 063

The accompanying notes from №.(xx) to №. (xx) form an integral part of these consolidated financial statements.

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

# Consolidated statement of changes in equity

For the financial year ended December 31, 2022

(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 1/1/2021	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
Balance at 1/1/2022	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
Transferred to reserves	--	64 390 233	--	( 64 390 233)	--	--	--	--
Transferred to retained earning	--	--	1 021 017 195	( 1 021 017 195)	--	--	--	--
Dividends	--	--	( 872 052 535)	--	--	( 872 052 535)	( 101 316 355)	( 973 368 890)
Total Comprehensive income for the year	--	180 090 894	( 93 217 620)	842 885 161	2 717 069 858	3 646 828 293	324 810 269	3 971 638 562
Balance at 31/12/2022	665 107 268	1 871 386 892	453 330 882	842 885 161	6 258 366 013	10 091 076 216	1 164 176 233	11 255 252 449

The accompanying notes from №.(xx) to №. (xx) form an integral part of these consolidated financial statements.

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



# Consolidated statement of cash flow

As of December 31, 2022

(All amounts are in Egyptian Pounds)

	Note Nº	31/12/2022	31/12/2021
<b>Cash flows from operating activities</b>			
Net profit for the year before income tax		1 142 737 084	1 394 199 270
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>			
Fixed assets depreciation		719 274 575	531 705 690
Depreciation of right of use assets		104 461 057	84 970 803
Formed provisions and impairment		118 373 625	36 973 097
Expected credit loss		49 010 753	( 4 751 904)
Provision no longer needed		--	( 3 722 564)
Interest income		( 47 965 991)	( 16 706 764)
Finance expenses		304 052 060	197 049 021
Treasury bills returns		( 150 599 414)	( 167 073 038)
Financial investments revenues		( 28 420 729)	( 23 845 812)
Capital (gain)		( 12 394 893)	( 16 304 630)
<b>Operating profits before changes in working capital</b>		<b>2 198 528 127</b>	<b>2 012 493 169</b>
<b>Change in :</b>			
Inventory		( 227 111 344)	(1 021 445 119)
Trades and notes receivable and debit accounts		653 034 587	( 366 344 227)
Trades and notes payable and credit accounts		(1 035 338 663)	74 900 447
<b>Cash flows provided by operating activities</b>		<b>1 589 112 707</b>	<b>699 604 270</b>
Proceeds from interest income		47 965 991	16 706 764
Finance expenses paid		( 304 052 060)	( 197 049 021)
Income tax paid		( 100 709 644)	( 116 629 531)
<b>Net cash flows provided by operating activities</b>		<b>1 232 316 994</b>	<b>402 632 482</b>
<b>Cash flows from investing activities</b>			
Payments) for purchase of fixed assets and projects in progress)		( 744 132 182)	( 566 137 487)
(Payments) for financial investments		--	( 123 038 058)
Proceeds from financial investments		28 420 729	23 845 812
Proceeds from sale of fixed assets		20 713 400	31 399 551
(Payments) for purchase of treasury bills		(1 203 808 147)	(2 085 777 040)
Proceeds from treasury bills		1 611 388 542	2 540 677 912
<b>Net cash flows (used in) investing activities</b>		<b>( 287 417 658)</b>	<b>( 179 029 310)</b>
<b>Cash flows from financing activities</b>			
Proceeds from banks-credit accounts		750 918 197	564 570 614
Dividends paid and payments for non controlling interest		( 957 503 968)	( 964 148 827)
Lease contracts liabilities paid		( 159 156 629)	( 60 198 027)
Exchange differences arising from translation of financial statements		20 329 095	14 843 884
Proceeds from long term loans		66 867 779	121 251 599
<b>Net cash flows (used in) financing activities</b>		<b>( 278 545 526)</b>	<b>( 323 680 757)</b>
Net change in cash and cash equivalents during the year		666 353 810	( 100 077 585)
Cash and cash equivalents at the beginning of the year		1 368 737 567	1 469 562 951
Translation exchange differences related to cash and cash equivalents		160 143 471	( 747 799)
<b>Cash and cash equivalents at end of the year represents in:</b>		<b>2 195 234 848</b>	<b>1 368 737 567</b>
Cash and cash equivalents	(14)	1 422 843 459	984 337 426
Treasury bills	(13)	1 813 065 128	1 538 902 582
Treasury bills due more than three months		(1 040 673 739)	(1 154 502 441)
<b>Cash and cash equivalents</b>		<b>2 195 234 848</b>	<b>1 368 737 567</b>

The amounts of LE (2 032 516 980) of the working capital items, LE (395 297 734) of the investment activities, LE 1 202 534 976 of the financing activities has been eliminated against the amount of LE (1 225 279 738) of the translation differences.

The accompanying notes from Nº.(1) to Nº. (34) form an integral part of these consolidated financial statements.

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

# Notes to the consolidated financial statements

For the financial year ended December31, 2022

(All amounts are in Egyptian Pounds)

## 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 aboard.
- 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. 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.

2.2. 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 judgements 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 31/12/2022	Percentage of participations 31/12/2021
	%	%
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.*

*And according to the decision of the Board of Directors on August 9, 2022, it was approved for the company to exit from its existing investments in China and accept the offer submitted to the company to sell its entire share in the Oriental Weavers Company - China, and accordingly, the investments in the Oriental Weavers Company – China were reclassified as non-current assets held for sale - Note No. (15).*

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. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

5.6. Financial assets

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.

5.7. 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.

5.8. 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.

5.9. 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.

5.10. 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.

### 5.11. 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.

### 5.12. 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.

### 5.13. 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.

### 5.14. Revenue from contract with customers

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.

### 5.15. 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.

### 5.16. 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.

### 5.17. 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.

### 5.18. Impairment

#### 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.

### 5.19. 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.

### 5.20. 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.

### 5.21. 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.

### 5.22. 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.

### 5.23. 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.

### 5.24. Comparative figures

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

6. Fixed assets

Note No.	Land	Buildings & Constructions		Machinery & equipment		Vehicles	Tools & Showrooms		Furniture & office equipment		Computers	Total
							Supplies	Fixture				
Cost as of 1/1/2021	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)	--	(1 306 522)	--	(178 808 382)			
Translation exchange differences	( 538 230)	( 790 439)	(1 830 821)	( 224 889)	( 23 964)	( 1 492)	( 23 964)	( 78 273)	( 3 686 212)			
<b>Cost as of 31/12/2021</b>	<b>722 743 075</b>	<b>2 823 352 736</b>	<b>8 778 317 688</b>	<b>273 411 269</b>	<b>144 594 414</b>	<b>132 468 600</b>	<b>141 818 065</b>	<b>253 931 045</b>	<b>13 270 636 892</b>			
Additions	82 542	34 884 866	669 958 496	6 570 069	11 297 507	22 861 248	9 365 599	7 022 934	762 043 231			
Currency exchange differences*	--	--	88 705 873	--	--	--	--	--	88 705 873			
Disposals	--	(6 076 643)	(29 552 613)	(2 155 500)	( 791 383)	(5 524 122)	( 447 165)	(1 079 715)	(45 627 141)			
Reclassification of assets held for sale	(1 455 955)	(75 667 942)	(16 794 503)	(1 669 154)	( 820 205)	--	( 820 205)	--	( 805 863)			
Translation exchange differences	242 558 700	1 059 459 060	4 055 295 387	119 178 032	43 139 609	643 093	43 139 609	107 572 397	5 671 281 220			
<b>Cost as of 31/12/2022</b>	<b>963 928 362</b>	<b>3 835 952 077</b>	<b>13 545 930 328</b>	<b>395 334 716</b>	<b>197 419 942</b>	<b>150 448 819</b>	<b>193 916 975</b>	<b>366 640 798</b>	<b>19 649 572 017</b>			
Accumulated depreciation and impairment as of 1/1/2021	--	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)			
<b>Accumulated depreciation and impairment as of 31/12/2021</b>	<b>--</b>	<b>1 341 835 353</b>	<b>7 023 005 728</b>	<b>237 733 462</b>	<b>120 002 572</b>	<b>100 846 917</b>	<b>110 048 054</b>	<b>213 694 849</b>	<b>9 147 166 935</b>			
Depreciation of year	--	144 063 114	494 024 646	12 161 723	10 004 443	19 355 554	7 761 831	31 903 264	719 274 575			
Disposals of accumulated depreciation	--	(2 176 074)	(26 046 565)	(2 116 005)	( 706 554)	(4 901 051)	( 395 031)	( 967 355)	(37 308 635)			
Reclassification of assets held for sale	(15)	(38 886 901)	(15 115 052)	(1 502 241)	( 690 993)	--	( 228 165)	( 619 320)	(57 042 672)			
Translation exchange differences	--	550 272 413	3 471 628 034	102 036 689	36 746 429	475 133	36 157 136	95 721 981	4 293 037 815			
<b>Accumulated depreciation and impairment as of 31/12/2022</b>	<b>--</b>	<b>1 995 107 905</b>	<b>10 947 496 791</b>	<b>348 313 628</b>	<b>165 355 897</b>	<b>115 776 553</b>	<b>153 343 825</b>	<b>339 733 419</b>	<b>14 065 128 018</b>			
Net book value as of 31/12/2022	963 928 362	1 840 844 172	2 598 433 537	47 021 088	32 064 045	34 672 266	40 573 150	26 907 379	5 584 443 999			
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			

7. Projects in progress

	31/12/2022	31/12/2021
Buildings under Construction	136 114 698	87 072 164
Machinery & Equipment under installation	92 347 908	9 773 036
Computer systems	585 872	--
Handling	999 406	--
Letters of credit for purchasing of assets	30 016 568	80 345 771
Advance payment for purchasing of Fixed assets	94 739 221	74 333 531
	<b>354 803 673</b>	<b>251 524 502</b>

8. Right use of assets

	Showroom rent	Oriental weavers USA - rental	Total
Cost at 1/1/2022	328 920 475	121 891 610	450 812 085
Additions	122 554 320	--	122 554 320
Disposals	(18 669 726)	--	(18 669 726)
Translation differences	--	69 575 564	69 575 564
<b>Cost at 31/12/2022</b>	<b>432 805 069</b>	<b>191 467 174</b>	<b>624 272 243</b>
Accumulated depreciation at 1/1/2022	59 080 522	60 597 335	119 677 857
Depreciation of year	66 161 912	38 299 145	104 461 057
Disposals of accumulated depreciation	(5 910 264)	--	(5 910 264)
Translation differences	--	34 558 863	34 558 863
<b>Accumulated depreciation at 31/12/2022</b>	<b>119 332 170</b>	<b>133 485 343</b>	<b>252 817 513</b>
<b>Net book value at 31/12/2022</b>	<b>313 472 899</b>	<b>57 981 831</b>	<b>371 454 730</b>
<b>Net book value at 31/12/2021</b>	<b>269 839 953</b>	<b>61 294 275</b>	<b>331 134 228</b>

9. Investments at fair value through other comprehensive income

Unlisted investments at Egyptian Exchange	Balance as of 31/12/2022	Balance as of 31/12/2021
Egyptian Propylene & Polypropylene Company "E.P. P"	621 773 565	319 502 686
Alahli Bank of Kuwait- Egypt	19 382 098	12 639 818
Oriental for Industrial Development	2 422 800	4 200 000
Prudential company – U.S. A	998 365	707 465
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
	<b>644 580 582</b>	<b>337 053 723</b>

## 10. Inventory

	31/12/2022	31/12/2021
Raw materials	2 597 090 214	1 588 196 340
Spare parts & materials	444 213 588	277 174 302
Work in process	212 990 417	177 970 704
Finished products	2 768 154 084	2 050 228 392
Letter of credit for purchasing of raw materials	29 527 916	122 982 796
	<b>6 051 976 219</b>	<b>4 216 552 534</b>
Less: Impairment in inventory	(21 140 305)	(1 788 536)
	<b>6 030 835 914</b>	<b>4 214 763 998</b>

## 11. Trades & notes receivable

	31/12/2022	31/12/2021
Trades receivables	2 293 211 194	1 854 416 372
Notes receivables	409 078 431	309 300 504
	<b>2 702 289 625</b>	<b>2 163 716 876</b>
(Less): Expected credit loss – Note No (16)	(274 553 052)	(199 063 881)
	<b>2 427 736 573</b>	<b>1 964 652 995</b>

- Trades & Notes Receivable include amount of LE 4 046 548 due from related parties at December 31, 2022 result from sales of carpets.

## 12. Debtors and other debit accounts

	31/12/2022	31/12/2021
Prepaid expenses	38 145 713	22 973 515
Tax authority – debit accounts	332 073 774	265 420 588
Deposits with others	44 031 852	48 011 821
Accrued revenues	333 015 9	2 353 110
Letter of guarantee & letter of credit – cash margin	099 263 8	5 800 778
Petty cash & advance to employees	414 553 11	13 709 256
Suppliers – advance payment	021 464 27	51 513 998
Other debit accounts	875 781 15	20 867 593
	<b>486 329 081</b>	<b>430 650 659</b>
<b>(Less):</b>		
(Less): Expected credit loss – Note No (15)	(3 871 363)	(9 939 789)
	<b>482 457 718</b>	<b>420 710 870</b>

## 13. Treasury bills

	31/12/2022	31/12/2021
Treasury bills (mature in 90 days)	792 941 670	393 318 571
Treasury bills (mature in more than 90 days)	1 093 250 000	1 209 426 158
Less:	<b>1 886 191 670</b>	<b>1 602 744 729</b>
Unrealized returns	(69 649 067)	(63 130 174)
	<b>1 816 542 603</b>	<b>1 539 614 555</b>
(Less): Expected credit loss – Note No (16)	(3 477 475)	(711 973)
	<b>1 813 065 128</b>	<b>1 538 902 582</b>

## 14. Cash and cash equivalents

	31/12/2022	31/12/2021
Banks – Time deposits	335 711 438	255 308 091
Banks – Current accounts	1 080 544 739	713 747 137
Cash on hand	3 946 540	15 362 809
<b>Cash at banks and on hand</b>	<b>1 420 202 717</b>	<b>984 418 037</b>
<b>Less:</b>		
(Less): Expected credit loss – Note No (16)	(354 661)	(94 956)
	<b>1 419 848 056</b>	<b>984 323 081</b>
<b>Cash and cash equivalents for cash flows statement purposes</b>		
Cash in banks and the fund before the expected credit loss	1 420 202 717	984 418 037
Term deposits held as security for part of the credit facilities granted to the group	(84 405)	(80 611)
Cash and cash equivalents within assets held for sale-Note No (15)	2 725 147	--
<b>Cash at banks and on hand</b>	<b>1 422 843 459</b>	<b>984 337 426</b>
Add: Treasury bills with maturity of 90 days	772 391 389	384 400 141
<b>Cash and cash equivalents for cash flows statement purposes</b>		
	<b>2 195 234 848</b>	<b>1 368 737 567</b>

## 15. Non-current assets held for sale

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 "W.L. L" a subsidiary owned by 99.63% direct and indirect, 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.

And according to the decision of the Board of Directors on August 9, 2022, it was approved for the company to exit from its existing investments in China and accept the offer submitted to the company to sell its entire share in the Oriental Weavers Company – China:



The following is the assets and liabilities of Oriental Weavers Company – China which classified as non-current assets held for sale:

<b>Assets:</b>	<b>31/12/2022</b>
Fixed Assets	40 425 386
Projects in progress	877 988
Trades and notes receivables	1 359 356
Debtors and other debit accounts	519 277
Cash and cash equivalents	2 725 147
	<b>45 907 154</b>
<b>Liabilities</b>	
Creditors and other credit accounts	24 096 856
	<b>24 096 856</b>

16. Expected credit loss

	<b>Trade receivables</b>	<b>Debtors &amp; other debit balances</b>	<b>Treasury Bills</b>	<b>Cash &amp; cash equivalents</b>	<b>Total</b>
Provision at 1/1/2022	199 063 881	9 939 789	711 973	94 956	209 810 599
Charge to statement of income	45 461 385	696 294	2 641 278	211 796	49 010 753
Used	(152 890 40)	(761 884 6)	--	--	(913 774 47)
Translation differences	70 917 938	120 041	124 224	47 909	71 210 112
<b>Provision balance at 31/12/2022</b>	<b>274 553 052</b>	<b>3 871 363</b>	<b>3 477 475</b>	<b>354 661</b>	<b>282 256 551</b>

17. Issued and paid-up capital

- 17.1.** The company’s authorized capital is determined to be L.E 1 000 000 000 (one billion Egyptian pounds).
- 17.2.** The Issued and paid-up capital is determined to be LE 665 107 268 (only six hundred sixty-five million and one hundred seven thousand and two hundred sixty-eight Egyptian pounds) distributed over 665 107 268 shares at a value of LE 1 each.
- 17.3.** The company’s shares are centrally kept at Misr for Central Clearing, Depositary and Registry Co. and those shares are traded in Egyptian exchange.

18. Reserves

	<b>31/12/2022</b>	<b>31/12/2021</b>
Legal reserve	1 224 840 203	1 174 669 517
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	165 828 865	152 593 444
Unrealized gain from financial investments	280 488 001	99 412 981
	<b>1 871 386 892</b>	<b>1 626 905 765</b>

19. Non-controlling interest

	<b>Non controlling interest in Equity</b>	<b>Non controlling interest in comprehensive income</b>	<b>Balance as of 2022/12/31</b>	<b>Balance as of 2021/12/31</b>
Oriental Weavers international Co (O.W.I)	184 986	135 655	320 641	238 391
MAC Carpet Mills	334 080 257	34 648 791	368 729 048	386 383 042
Egyptian Fibres Co. EFCO	117 803 745	66 209 494	184 013 239	148 028 860
Oriental Weavers – China	(80 203)	(33 965)	(114 168)	(80 224)
New MAC	2 064 073	2 585 810	4 649 883	3 999 255
Oriental Weavers Textile	262 311 454	158 232 589	420 544 043	279 111 323
Oriental Weavers Co. U.S.A.	123 001 652	63 031 895	186 033 547	123 001 672
	<b>839 365 964</b>	<b>324 810 269</b>	<b>1 164 176 233</b>	<b>940 682 319</b>

20. Long-term loans

BANK	Loan Currency	Principal of the loan in original Currency	Balance of the loan as of 31/12/2022	Balance as of 31/12/2022		Balance as of 31/12/2021		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	27 354 602	27 354 602	--	18 542 195	18 542 195	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)	EURO	4 563 473	31 162 057	31 162 057	--	21 123 001	21 123 001	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	15 516 852	15 516 852	--	20 275 640	10 137 458	The principal of the loan shall be settled over 5 equal half annually starting from 31/1/2021 till 31/1/2023 the interest and commission shall be computed and paid upon its due date.
Attijari wafa bank	USD	5 250 000	20 707 843	20 707 843	--	26 366 041	13 183 005	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	181 756 659	66 093 342	115 663 317	9 675 485	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	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	53 814 911	8 969 152	44 845 759	--	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.
Alex bank	EURO	5 500 000	98 905 335	21 978 963	76 926 372	--	--	The principal of the loan shall be settled over 9 equal half annually installments starting after the end of the grace period, the interest and commission shall be computed and paid upon its due date.
Emirates NBD Egypt bank	USD	7 000 000	146 469 255	53 261 547	93 207 708	5 065 926	55 725 190	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.
Attijari wafa bank	EURO	5 000 000	91 508 064	30 502 688	61 005 376	21 093 208	63 279 623	The principal of the loan shall be settled over 8 equal half annually installments starting from 30/6/2022 till 30/12/2025 , the interest and commission shall be computed and paid upon its due date.
				667 195 578	275 547 046	391 648 532	122 141 496	305 013 698

21. Lease contracts liability

	Due within one year	Due more than one year	Balance at 31/12/2022
Oriental Weavers Co. U.S.A.	31 804 409	31 936 935	63 741 344
Exhibitions	79 320 992	270 992 075	350 313 067
	111 125 401	302 929 010	414 054 411

22. Deferred tax liabilities

-Deferred tax Assets and liabilities

	31/12/2022		31/12/2021	
	Assets	(Liabilities)	Assets	(Liabilities)
Temporary tax differences – O.W. (USA)	31 542 110	--	11 872 560	--
Fair value reserve of investment at FVOCI	--	(1 529 990)	--	--
Fixed assets	--	(185 613 828)	--	(177 126 413)
Total deferred tax assets / (liabilities)	31 542 110	(187 143 818)	11 872 560	(177 126 413)
Net deferred tax (liabilities)	--	(155 601 708)	--	(165 253 853)

-The movement of deferred tax liabilities is shown below:

	31/12/2022		31/12/2021	
	Assets	(Liabilities)	Assets	(Liabilities)
Beginning balance	11 872 560	(177 126 413)	14 667 081	(159 147 828)
Fair value reserve of investment at FVOCI	--	(1 529 990)	--	--
Charged to the statement of income	10 095 328	(8 487 415)	(2 773 311)	(17 978 585)
Translation Difference	9 574 222	--	(21 210)	--
Ending balance	31 542 110	(187 143 818)	11 872 560	(177 126 413)

23. Provisions

	Balance as of 1/1/2022	Formed during the year	Used during the year	Translation differences	Balance as of 2022/12/31
Provisions for claims	101 278 366	100 222 501	(49 243 865)	4 337 188	156 594 190
	101 278 366	100 222 501	(49 243 865)	4 337 188	156 594 190

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 4 610 032 366 as of December 31, 2022 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.

\* Banks – credit accounts include amounting to USD 13 million, equivalent to EGP 324 million, representing credit facilities for Oriental Weavers - USA (essentially secured by all assets of the company), which expired on September 30, 2022, At the time of expiration, the Company was in violation of loan covenant restrictions and as a result, the line of credit was subject to a forbearance agreement with the lender. The forbearance agreement was extended to April 30, 2023. The line of credit agreement requires the Company to maintain a lock-box arrangement and includes a subjective acceleration clause.

## 25. Trades & notes payable

	31/12/2022	31/12/2021
Trades payable	741 779 345	927 826 025
Notes Payable	274 857 242	177 421 031
	<b>1 016 636 587</b>	<b>1 105 247 056</b>

- Trades & Notes Payable include amount of LE 657 001 due to related parties at December 31, 2022.

## 26. Creditors and other credit accounts

	31/12/2022	31/12/2021
Accrued expenses	171 214 142	127 008 077
Tax authority	23 809 001	19 974 439
Social insurance authority	22 853 236	19 879 941
Trade receivable – advance payment	231 764 236	214 613 354
Creditors – purchases of fixed assets	9 134 255	4 993 956
Credit balances - related parties	7 201 924	14 656 675
Deposits from others	170 529 500	154 654 531
Other credit accounts	36 370 801	29 396 733
	<b>672 877 095</b>	<b>585 177 706</b>

## 27. Finance expenses

	31/12/2022	31/12/2021
Bank interest	267 602 573	170 923 850
Interest of lease contracts liabilities	36 449 487	26 125 171
	<b>304 052 060</b>	<b>197 049 021</b>

## 28. Basic earnings per share in the separate financial statements

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

	31/12/2022	31/12/2021
Net profit for the year in the separate financial statements	1 461 193 154	865 076 860
<b>Less:</b>		
Proposed employees share in distributions	80 000 000	60 000 000
Proposed Board members remuneration	8 000 000	12 200 000
	<b>1 373 193 154</b>	<b>792 876 860</b>
Average of shares number available during the year	665 107 268	665 107 268
<b>Basic earnings per share in the separate financial statements</b>	<b>2.06</b>	<b>1.19</b>

## 29. Contingent liabilities

Letter of Guarantees Issued by Banks in favour of the company and its subsidiaries to third parties as of December 31, 2022 amounted to L.E 91 602 449The contingent liabilities from letter of credit in that date amounted to L.E 389 243 235.

## 30. Capital commitments

The capital commitments as of December 31, 2022 amounted to L.E 50 583 193 represents the value of new extension related to showrooms and completion of construction in progress.

## 31. Tax position

### 31.1. Oriental weavers carpet

#### Corporate Tax

- The company has been inspected till December 31, 2016 and the assessed tax differences were paid.
- Years from 2017 till 2019, the company has been inspected and the tax under settlement.
- The company submits its annual tax return regularly on legal dates.

#### 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.

#### 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.

#### Stamp duty tax

- The company was inspected and the tax has been settled till December 31, 2017.
- Years from 2018 till 2020, the company has been inspected and the company has not been notifying with any forms.
- The company submits the tax return on the legal dates.

#### Real estate tax

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



31.2. Oriental Weavers International

Corporate tax

- The company is established in accordance with the Investment Guarantee and Incentives Law No. 8 of 1997 “Private free zone”. According to the Company's tax card, it is exempted from taxes throughout the company life time.

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.

31.3. Oriental Weavers Textile

Corporate tax

- The company is established in accordance with the Investment Guarantee and Incentives Law No. 8 of 1997 “Private free zone”. According to the Company's tax card, it is exempted from taxes throughout the company life time.
- The company submits its tax return on the legal dates.

Salaries & wages tax

- The company has been inspected till December 31, 2020 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

Stamp duty tax

- The company has been inspected till December 31, 2020 and the assessed tax differences were paid.
- The company submits its tax return on the legal dates.

Real estate tax

- The estimated value of the real estate tax was appealed under No. 647 of 2015.
- The appeal was accepted and a decision was issued not to subject the company entirely to real estate tax.

31.4. Mac carpet

Corporate tax

- Corporate tax was inspected and assessed from the beginning of the activity up till 2018.
- Years from 2019 till 2020, the company has been inspected and the company has not been notifying with any forms.
- Year 2021, the company has not been inspected yet.
- The company submits its tax return on the legal dates.

Salaries & wages tax

- The company was inspected for the period from the beginning of its activity up till December 31, 2019 and the assessed tax difference was paid.
- The years 2020: 2021 have not been inspected.

Value add tax

- The company was inspected up till December 31, 2019 and the assessed tax difference was paid.
- The years 2020: 2021 have not been inspected.
- The company submits the monthly tax return on due dates.

Stamp duty tax

- The company was inspected up to till December 31, 2018 and the assessed tax difference was paid.
- The years 2019: 2021 have not been inspected.

Withholding tax

- The company was inspected up to 2018 and the assessed tax difference was paid.
- The years 2019: 2021 have not been inspected.

31.5. Egyptian fibers company – EFCO

Corporate tax

- The company has been inspected till December 31, 2015 and the assessed tax were paid.
- Years from 2016 till 2019, the company has been inspected and the tax under settlement.
- The company submits its annual tax return regularly on legal dates.

Salaries & wages tax

- The company has been inspected till December 31, 2019 and the assessed tax were paid.
- Year 2020, the company has been inspected and the tax under settlement.
- The company submits its tax return regularly on legal dates.

Value add tax

- The company has been inspected till December 31, 2020 and the assessed tax were paid.

The company submits its monthly tax return regularly on legal dates.

Stamp duty tax

- The company was inspected up to till December 31, 2021 and the assessed tax difference was paid.

Real estate tax

- The Company has notified by Form (3) and it was appealed and the tax settled until 2022.

## 32. 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 №	31/12/2022	31/12/2021
Trades and notes receivable	(11)	2 427 736 573	1 964 652 995
Debtors and other debit accounts	(12)	482 457 718	420 710 870
		<b>2 910 194 291</b>	<b>2 385 363 865</b>

### 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.

## 33. Ongoing Concern: Oriental Weavers Company USA

Oriental Weavers Company – USA, financial metrics were negatively impacted by slowing consumer spending, high labor costs and inflationary pressures. For the year ended December 31, 2022, the Company reported a net loss before taxes of approximately \$1.1 million and negative cash flows from operations of approximately \$749,000. As disclosed in Note 24, the Company's line of credit was subject to a forbearance agreement which matures April 30, 2023.

Management is in discussions with its existing lenders to refinance the line of credit which totaled approximately \$13.1 million at December 31, 2022, however the ability for the Company to extend the line of credit is uncertain and the terms of a potential loan agreement cannot be determined at this time.

Management continues to focus on numerous initiatives to improve financial performance including:

- Warehousing strategies including consolidation
- Expand e-commerce and national/mass merchant growth strategies
- Pursue local markets for yarn
- Execute on cost saving strategies

Management plans to refinance the line of credit to remove any forbearance and provide a longer-term credit facility for operations. Management has considered alternative sources of capital funding in the event they are unsuccessful with the refinancing including continued refinancing on a short-term basis, explore alternative lending strategies, utilize funding from related entities and liquidate assets making up a working capital balance of approximately \$19.5 million at December 31, 2022.

The financial statements have been prepared assuming that the Company will continue as a going concern; however, the above conditions raise substantial doubt about the Company's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

## 34. 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.