

Translated

Egypt Kuwait Holding Company
and its subsidiaries
Consolidated financial statements
For the financial year ended December 31, 2022
and Independent Auditor's report

Translated

Contents	Page
Independent Auditor's report	-
Consolidated statement of financial position	1
Consolidated statement of income	2
Consolidated statement of comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6 – 65



Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Translated

Independent Auditor's Report

To the Shareholders of Egypt Kuwait Holding Company

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Egypt Kuwait Holding Company S.A.E, which comprise the consolidated financial position as of December 31, 2022, 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's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes 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 the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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.



Hazem Hassan

Translated

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as of December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The Company keeps proper accounting records, which include all that is required by law and the statutes of the Company, the financial statements, are in agreement thereto.

The financial information included in the board of directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

KPMG Hazem Hassan

KPMG HA

Public Accountants & Consultants

Cairo, February 23, 2023

KPMG Hazem Hassan
Public Accountants and Consultants

⑥

Translated

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated statement of financial position as of December 31, 2022

All numbers are in US Dollars

	Note No.	31/12/2022	(Restated) 31/12/2021	(Restated) 1/1/2021
Assets				
Non-current assets				
Property, plant and equipment and projects under construction	(16)	296 857 837	296 141 133	263 642 413
Goodwill	(17)	49 559 875	139 615 877	63 514 041
Right of use assets	(18)	9 738 726	12 091 539	12 801 010
Intangible assets	(19)	626 299	1 190 960	1 682 156
Biological assets	(20)	3 034 020	3 270 479	1 550 797
Exploration & development assets	(21)	181 889 557	166 390 857	73 012 244
Equity - accounted investees (associates companies)	(22)	20 821 082	19 046 486	24 612 567
Financial assets at fair value through other comprehensive income	(23)	105 099 669	132 036 269	225 775 253
Other financial assets at amortized cost	(24)	215 298 315	335 806 653	204 080 465
Trade & notes receivables	(28)	6 249 347	123 353	263 244
Total non-current assets		889 174 727	1 105 713 606	870 934 190
Current assets				
Inventories	(25)	92 543 672	88 717 153	73 698 519
Work in progress	(26)	34 306 476	31 941 307	32 338 938
Financial assets at fair value through other comprehensive income	(23)	114 464 356	66 232 783	-
Financial assets at amortized cost	(24)	98 063 725	351 098 103	211 287 961
Financial assets at fair value through profit or loss	(27)	27 919 831	54 109 648	39 404 659
Trade & notes receivables	(28)	133 048 067	104 248 145	79 382 105
Other current assets	(29)	102 303 632	132 825 240	75 643 258
Derivative financial instruments	(30)	-	1 209 064	-
Cash and cash equivalents	(31)	453 556 610	190 013 037	212 867 993
Non-current assets held for sale	(32)	14 900 000	14 900 000	-
Total current assets		1 071 106 369	1 035 294 480	724 623 433
Total assets		1 960 281 096	2 141 008 086	1 595 557 623
Equity and Liabilities				
Equity of the Parent Company :				
Issued & paid up capital	(33)	281 721 321	281 721 321	256 110 292
Set aside for issued & paid up capital increase		-	-	25 611 029
Legal reserve		129 587 671	128 055 146	127 895 052
Other reserves	(35)	(298 863 362)	(85 447 794)	(68 461 563)
Retained earnings		452 510 010	325 705 751	191 499 687
Treasury shares		(738 390)	-	(8 199 679)
Total equity of the Parent Company		564 217 250	650 034 424	524 454 818
Non-controlling interests	(13.35)	278 846 545	235 193 878	237 379 048
Total equity		843 063 795	885 228 302	761 833 866
Liabilities				
Non-current liabilities				
Deferred tax liabilities	(36)	9 004 509	14 088 096	17 786 770
Lease contracts liabilities	(18)	8 238 615	9 871 539	10 829 778
Suppliers, contractors, notes payable and other creditors	(37)	9 544 931	3 886 761	2 841 505
Loans	(38)	280 449 228	256 739 897	142 324 271
Bank facilities	(39)	133 015 686	198 688 990	135 107 429
Total non-current liabilities		440 252 969	483 275 283	308 889 753
Current liabilities				
Provisions	(40)	64 250 985	68 683 681	33 117 060
Insurance policyholders' rights	(41)	83 548 189	115 307 443	105 377 827
Lease contracts liabilities	(18)	2 033 858	2 453 880	1 546 294
Suppliers, contractors, notes payable and other creditors	(37)	276 177 341	284 436 312	163 654 471
Accrued income tax		35 117 031	55 927 852	29 870 992
Loans	(38)	87 728 665	116 782 700	67 793 230
Bank facilities	(39)	128 108 263	128 912 633	123 474 130
Total current liabilities		676 964 332	772 504 501	524 834 004
Total liabilities		1 117 217 301	1 255 779 784	833 723 757
Total equity and liabilities		1 960 281 096	2 141 008 086	1 595 557 623

* The accompanying notes on pages from (6) to (65) are an integral part of these consolidated financial statements and to be read therewith.

Group Chief Financial Officer
Medhat Hamed Bonna

Managing Director
Sherif Al Zayat

Chairman
Loay Jassim Al-Kharafi

*Audit Report " attached "

Translated

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of income for the financial year ended December 31, 2022

All numbers are in US Dollars	Note No.	2022	2021
Revenues	(5)	1 053 267 382	767 513 492
Cost of revenue recognition	(6)	(574 140 109)	(466 328 222)
Gross profit		479 127 273	301 185 270
Income from investments	(7)	48 941 610	64 422 810
Other income	(8)	23 380 357	6 389 938
Selling & distribution expenses	(9)	(6 716 201)	(6 533 885)
General & administrative expenses		(66 098 772)	(41 044 574)
Expected credit loss	(10)	(3 135 101)	(3 024 002)
Other expenses	(11)	(9 974 820)	(21 830 909)
Net operating profit		465 524 346	299 564 648
Interest income		9 372 107	4 698 516
Forward foreign exchange contracts' (losses) profit		(8 070 415)	3 661 340
Financing expenses		(36 930 842)	(25 490 707)
Net profit (losses) from foreign currency translation differences		22 336 859	(953 516)
Net financing cost		(13 292 291)	(18 084 367)
Company's share of profit of equity - accounted investees (associates Companies)		2 164 577	1 504 681
Net profit for the year before income tax		454 396 632	282 984 962
Income tax	(12)	(92 313 999)	(57 299 091)
Net profit for the year		362 082 633	225 685 871
Net profit attributable to:			
Owners of the Parent Company		241 062 732	170 859 668
Non-controlling interests	(13)	121 019 901	54 826 203
Net profit for the year		362 082 633	225 685 871
Basic / Diluted earnings per share of profits (US cent / Share)	(14)	18.57	12.67

* The accompanying notes on pages from (6) to (65) are an integral part of these consolidated financial statements and to be read therewith.

Translated

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial year ended December 31, 2022

All numbers are in US Dollars	Note No.	2022	2021
Net profit for the year		362 082 633	225 685 871
Other comprehensive income (loss)			
<u>Items that will not be reclassified to statement of income</u>			
Financial assets at fair value through other comprehensive income	(23)	3 481 779	(3 026 977)
		3 481 779	(3 026 977)
<u>Items may be reclassified subsequently to statement of income</u>			
Financial assets at fair value through other comprehensive income	(23)	(18 809 358)	(15 934 236)
Foreign currency translation differences		(222 357 702)	(151 720)
		(241 167 060)	(16 085 956)
Total other comprehensive loss for the year after deducting tax		(237 685 281)	(19 112 933)
Total comprehensive income		124 397 352	206 572 938
Total comprehensive income attributable to:			
Owners of the holding company		27 647 164	153 873 437
Non-controlling interests		96 750 188	52 699 501
Total comprehensive income		124 397 352	206 572 938

* The accompanying notes on pages from (6) to (65) are an integral part of these consolidated financial statements and to be read therewith.

All numbers are in US Dollars														
	Note No.	Issued & paid up capital	Set aside for issued & paid up capital increase	Legal reserves	Special reserve - Share premium	General reserve	Other reserves			Retained earnings	Treasury shares	Total equity of the parent Company	Non-controlling interests	Total equity
							Fair value reserves	Translation reserve	Total other reserves					
Balance as of January 1, 2021 before adjustment		256 110 292	25 611 029	127 895 652	57 954 547	9 389 462	(54 656 195)	(182 622 817)	(170 944 003)	321 852 054	(8 199 679)	552 324 745	237 723 793	790 048 538
Profit period adjustments	(13)	-	-	-	-	-	76 668 306	25 814 134	182 482 440	(130 352 367)	-	(27 869 927)	(3 344 745)	(28 214 672)
Balance as of January 1, 2021 after adjustment		256 110 292	25 611 029	127 895 652	57 954 547	9 389 462	22 012 111	(156 808 683)	(68 461 563)	191 499 687	(8 199 679)	524 454 818	237 379 048	761 833 866
Comprehensive income		-	-	-	-	-	-	-	-	170 859 668	-	170 859 668	54 826 203	225 685 871
Net profit for the year		-	-	-	-	-	(14 192 305)	(2 793 926)	(16 986 231)	-	-	(16 986 231)	(2 126 702)	(19 112 933)
Other comprehensive (loss)		-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)		-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners of the Company		-	-	-	-	-	-	-	-	170 859 668	-	170 859 668	52 699 501	206 572 938
Issued & paid up capital increase		25 611 029	(25 611 029)	-	-	-	-	-	-	-	-	-	-	-
Transferred to legal reserve		-	-	160 094	-	-	-	-	-	(1 600 094)	-	-	-	-
Employees and board members' dividends		-	-	-	-	-	-	-	-	(20 041 302)	-	(20 041 302)	(5 268 036)	(25 309 338)
Non-controlling interest in subsidiaries' dividends		-	-	-	-	-	€	-	-	(30 744 604)	-	(30 744 604)	(30 744 604)	(30 744 604)
Acquisition of non-controlling interests without change in control		-	-	-	-	-	-	-	-	(17 204 725)	-	(17 204 725)	(19 981 144)	(57 185 869)
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	22 609 465	-	22 609 465	-	22 609 465
Sale of treasury shares		-	-	-	-	-	-	-	-	352 517	8 199 679	8 552 196	-	8 953 196
Total transactions with owners of the Company		25 611 029	(25 611 029)	160 094	-	-	-	-	-	(84 653 044)	8 199 679	(20 293 831)	(53 304 319)	(81 678 156)
Other changes		-	-	-	-	-	-	-	-	-	-	-	(1 500 332)	(1 500 332)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(1 500 332)	(1 500 332)
Total other changes		-	-	-	-	-	-	-	-	-	-	-	235 193 718	235 193 718
Balance as of December 31, 2021		281 721 321	-	128 055 146	57 954 547	9 389 462	7 819 806	(159 682 689)	(85 447 794)	325 705 751	-	650 034 424	235 193 718	885 228 362
Balance as of January 1, 2022		281 721 321	-	128 055 146	57 954 547	9 389 462	7 819 806	(159 682 689)	(85 447 794)	325 705 751	-	650 034 424	235 193 718	885 228 362
Total comprehensive income		-	-	-	-	-	-	-	-	241 062 732	-	241 062 732	121 019 901	362 082 633
Net profit for the year		-	-	-	-	-	(13 929 976)	(199 485 592)	(213 415 568)	-	-	-	(24 269 713)	(237 685 281)
Other comprehensive (loss)		-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)		-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners of the Company		-	-	-	-	-	-	-	-	241 062 732	-	241 062 732	94 750 188	124 397 352
Transferred to legal reserve		-	-	1 512 525	-	-	-	-	-	(1 512 525)	-	-	-	-
Shareholders' dividends		-	-	-	-	-	-	-	-	(78 881 970)	-	(78 881 970)	-	(78 881 970)
Employees and board members' dividends		-	-	-	-	-	-	-	-	(28 107 242)	-	(28 107 242)	(5 917 474)	(34 024 716)
Non-controlling interest in subsidiaries' dividends		-	-	-	-	-	-	-	-	-	-	-	(22 223 602)	(22 223 602)
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	(5 736 736)	-	(5 736 736)	(19 332 711)	(25 269 447)
Sale of non-controlling interests without change in control		-	-	-	-	-	-	-	-	-	-	-	6 457 401	6 457 401
Purchase of treasury shares		-	-	-	-	-	-	-	-	-	(738 390)	(738 390)	-	(738 390)
Total transactions with owners of the Company		-	-	1 512 525	-	-	-	-	-	(114 258 472)	-	(114 258 472)	(41 216 186)	(154 689 554)
Other changes		-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(11 381 335)	(11 381 335)
Total other changes		-	-	-	-	-	-	-	-	-	-	-	(11 381 335)	(11 381 335)
Balance as of December 31, 2022		281 721 321	-	129 567 671	57 954 547	9 389 462	(6 110 170)	(359 882 281)	(208 863 342)	453 510 010	(738 390)	564 217 250	278 846 545	843 063 795

* The accompanying notes on pages from (6) to (65) are an integral part of these consolidated financial statements and to be read therewith.

Translated

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of cash flows for the financial year ended December 31, 2022

All numbers are in US Dollars

	Note No.	2022	2021
<u>Cash flows from operating activities</u>			
Net profit for the year before income tax		454 396 632	282 984 962
<u>Adjustments for:</u>			
Depreciation & amortization		58 993 552	47 450 420
Company's share of profit of equity - accounted investees (associates Companies)		(2 164 577)	(1 504 681)
Changes in fair value of financial assets at fair value through profit or loss		800 605	61 252
Capital gain		(422 960)	(861 725)
Other income		(22 314 458)	-
Forward foreign exchange contracts' losses (profit)		8 070 415	(3 661 340)
Income from financial assets at fixed return		(39 579 601)	(64 165 685)
Expected credit losses		3 135 101	3 024 002
Foreign exchange currency translation differences		28 997 382	-
Financing expenses		36 930 842	25 490 707
Interest income		(9 372 107)	(4 698 516)
Impairment loss on goodwill		5 103 083	-
		<u>522 573 909</u>	<u>284 119 396</u>
<u>Change in:</u>			
Financial assets at fair value through profit or loss		25 389 212	(14 766 241)
Trade & notes receivables		(36 762 755)	(11 298 797)
Other current assets		31 640 622	(50 216 501)
Inventories		(3 826 519)	(15 018 634)
Work in progress		(2 365 169)	397 631
Lease contracts liabilities		(4 269 305)	(485 151)
Suppliers, contractors, notes payable & other credit balances		(12 342 441)	(14 650 740)
Insurance policyholders' rights		(31 759 254)	9 929 616
Time deposits		(88 714 933)	(46 361 974)
Provisions		185 716	17 717 546
Net change in assets of the acquired company at the acquisition date		-	71 230 671
Cash from operating activities		<u>399 749 083</u>	<u>230 596 822</u>
Income taxes paid		(95 531 424)	(33 985 998)
Net cash from operating activities		<u>304 217 659</u>	<u>196 610 824</u>
<u>Cash flows from investing activities</u>			
Collected interest		12 590 092	(571 390)
Payments for additions of property, plant & equipment, and projects under construction	(15)	(82 572 312)	(58 294 668)
Payments for additions of biological assets		(527 807)	826 863
Payments for additions of exploration & development assets		(19 162 139)	(45 838 491)
Proceeds from sale of property, plant and equipment		1 231 046	1 050 318
(Payments for) proceeds from financial assets at fair value through other comprehensive		(39 427 522)	7 867 055
Proceeds from (payments for) financial assets at amortized cost		348 541 739	(236 041 938)
Proceeds from sale of investments		15 000 000	-
Proceeds from income of financial assets at fair value through other comprehensive income		4 103 999	-
Net cash from (used in) investing activities		<u>239 777 096</u>	<u>(331 002 251)</u>
<u>Cash flows from financing activities</u>			
Proceeds from loans and bank facilities		184 402 460	234 130 032
Payments of loans and bank facilities		(192 797 990)	(70 518 451)
Payments of financing expenses		(36 854 236)	(25 414 101)
Non-controlling interests		(37 150 783)	(93 678 288)
Payments of purchasing treasury shares		(738 390)	-
Proceeds from sale of treasury shares		-	8 952 196
Paid dividends		(138 124 833)	(20 041 302)
(Payments of) proceeds from forward foreign exchange contracts		(9 715 541)	2 451 506
Net cash (used in) from financing activities		<u>(230 979 313)</u>	<u>35 881 592</u>
Foreign currency translation differences of accumulated financial statements		(197 041 322)	519 790
Net change in cash and cash equivalents during the year		115 974 120	(97 990 045)
Cash and cash equivalents at beginning of the year		253 572 583	351 562 628
Cash and cash equivalents at end of the year	(31)	<u>369 546 703</u>	<u>253 572 583</u>

* The accompanying notes on pages from (6) to (65) are an integral part of these consolidated financial statements and to be read therewith.

1- Company's background and activities

- Egypt Kuwait Holding Company "The Company" was incorporated by virtue of the Chairman of General Investment Authority's resolution No. 197 of 1997, according to the provisions of Investment Law No. 230 of 1989 and according to Law No. 72 of 2017, concerning Investment Incentives & Guarantees and Law No. 95 of 1992 concerning Capital Market. The Company was registered in Giza Governorate Commercial Registry under No. 114 648 on 20/7/1997. The duration of the Company according to the Company's Statute, is 25 years starting from the date of registration in the Commercial Registry.
- On March 31, 2022, the General Assembly of the shareholders of the Holding Company approved to extend the duration of the Company for additional 25 years.
- The Company's financial year starts on January 1st and ends on December 31st each year.
- The Company's purpose is represented in investment in all activities stated in Article 1 of Law No. 230 of 1989, provided that its object does not include accepting deposits or performing banking transactions and comprise the following activities: -
 - Securities underwriting and promotion.
 - Participation in Companies, which issue securities or increasing their capital.
 - Venture capital.

In addition, the Company is entitled to establish other projects or modify its purposes in conformity with the Investment Law. The Company is also entitled to establish or participate in projects not governed by the Investment Law subject to the approval of the General Investment Authority & General Capital Market Authority.

On March 6, 2002, the General Investment Authority gave permission to the Company to use the excess funds in investing outside the Arab Republic of Egypt by participating in establishing companies & contributing to projects & portfolios of marketable securities managed abroad.

- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki-Egypt. Mr. Loay Jassim Al-Kharafi is the Chairman of the Company.
- The Company is listed in the Egyptian Stock Exchange of the Arab Republic of Egypt and Kuwait Stock Exchange.
- The consolidated financial statements comprise of the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (referred to as the "Group") and the Group's share in the profit or loss of associates is also included. The Group is involved in several activities which are represented in investment activities, selling & supplying of natural gas activity, drilling, petroleum, petrochemicals services activity, fertilizers activity, exploration and exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of Formica chips & MDF of all types and sizes, the activity of life insurance generally, real estate development and Microfinance and consumer finance.

2- Accounting framework of the preparation consolidated financial statements

- The consolidated financial statements have been prepared in accordance with Egyptian accounting standards in compliance with Egyptian Laws.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 22, 2022.
- Details of the Group's accounting policies are included in Note No. 52.

3- Functional and presentation currency

- The consolidated financial statements are presented in USD which is the Holding Company's functional currency.

4- Use of estimates and judgments

- In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates
- Estimates and underlying assumptions are reviewed on an ongoing basis.

A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note No. 52-4 -revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Note No. 52-1 -equity-accounted investees (associates Companies): whether the Group has significant influence over an investee.
- Note No. 52-23 -lease contracts classification.

B- Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at December 31, 2022 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note No. 52-22 -recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note No. 52-21 - measurement of ECL for cash at banks, trade and notes receivables and other current assets.

C- Measurement of fair values

Certain number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to fair values measurement. This includes the presence valuation team that has overall responsibility for reviewing all fair values according to the different levels in the hierarchies referred to below, and a report of those values and methods of measuring them will be issued directly to the board of directors. A report on the material matters related to the evaluation process will be issued to the Internal Audit Committee.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

5- Revenues

	2022	2021
Fertilizer's activity revenues	485 740 012	280 292 383
Chemicals & plastic activity revenues	207 206 379	171 475 841
Gas & electricity supplies activity revenues	146 906 253	145 947 926
Drilling and petroleum services activity revenues	135 606 337	93 614 734
Insurance activity revenues	61 380 408	66 221 209
Cooling technology by natural gas activity revenues	7 956 408	5 979 575
Agencies activity revenues	611 792	739 816
Other activity revenues	7 859 793	3 242 008
	1 053 267 382	767 513 492

6- Cost of revenue recognition

	2022	2021
Fertilizer's activity costs	206 345 300	155 157 285
Chemicals & plastic activity costs	153 685 821	118 420 548
Gas & electricity supplies activity costs	99 757 196	95 807 243
Drilling and petroleum services activity costs	59 572 829	39 634 513
Insurance activity costs	42 710 785	49 965 707
Cooling technology by natural gas activity costs	7 078 516	4 264 655
Agencies activity costs	338 669	465 206
Other activity costs	4 650 993	2 613 065
	574 140 109	466 328 222

7- Income from investments

	2022	2021
Income from financial assets at fixed return	39 579 601	64 165 685
Income from investments at fair value through profit or loss	1 435 253	-
Change in fair value of financial assets at fair value through profit or loss	(800 605)	61 252
Income from investments at fair value through other comprehensive income	184 963	195 873
Other	8 542 398	-
	48 941 610	64 422 810

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****8- Other income**

	2022	2021
Drawback and exports subsidies revenues	1 699 329	1 631 050
Provisions no longer required	3 397 942	2 440 985
Capital gain	422 960	861 725
Scrap sales	2 927 359	-
Late fines revenues	119 044	-
Other	14 813 723	1 456 178
	23 380 357	6 389 938

9- Selling & distribution expenses

	2022	2021
Chemicals & plastic activity	5 796 147	5 640 920
Fertilizer's activity	499 602	481 670
Cooling technology by natural gas activity	183 720	156 266
Other	236 732	255 029
	6 716 201	6 533 885

10- Expected credit losses

	2022	2021
Expected credit losses on bank accounts, trade receivables, and financial assets at fair value through other comprehensive income	3 135 101	3 024 002
	3 135 101	3 024 002

11- Other expenses

	2022	2021
Provisions formed	4 773 427	21 232 201
Impairment losses on goodwill (Note No. 17)	5 103 083	-
Write down of inventory	-	598 708
Other	98 310	-
	9 974 820	21 830 909

12- Income tax

	2022	2021
Current income tax expense	95 980 671	59 966 419
Deferred income tax expense (benefit)	(3 666 672)	(2 667 328)
	92 313 999	57 299 091

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****Adjustments to calculate the effective tax rate**

	2022	2021
Consolidated net accounting profit before income tax	454 396 632	282 984 962
Tax rate	22.5 %	22.5 %
Expected income tax on accounting profit	102 239 242	63 671 617
Expenses not applicable to tax deduction	480 642	867 138
Tax exemptions	(9 002 462)	(11 248 822)
Provision's effect	167 715	3 903 256
Property, plant & equipment' depreciation, and other assets amortization	2 790 588	2 835 948
Capital gain & loss	522 063	(26 309)
Books' currency differences	(1 127 905)	(31 237)
Other	(89 212)	(5 172)
Deferred income tax	(3 666 672)	(2 667 328)
Tax according to consolidated statement of income	92 313 999	57 299 091
Effective tax rate	20.32%	20.25%

Egypt Keweenaw Holding Co. (As Egyptian Joint Stock Company)

Notes to the consolidated financial statements (CMA) for the financial year ended December 31, 2022

Prepared in accordance with International Financial Reporting Standards (IFRSs)

All numbers are in US Dollars

13- Non-controlling interests

31 December 2022

Continued

	Non-controlling interest %	Non current assets	Current assets	Non current liabilities	Current liabilities	Net assets *	Consolidation adjustments	Non-controlling interest share of net assets	Total revenue	Net profit **	Consolidation adjustments	Non-controlling interest share of net profit
Natural Gas Co. (Nigaz)	16.02%	133 602 031	137 259 749	8 711 016	104 142 768	118 575 356	(99 583 536)	18 991 819	121 235 117	32 545 188	(27 332 533)	5 212 654
Globe for Communication & Information Technology Co.	1.00%	-	371 398	-	1 112	370 486	(366 781)	3 705	-	-	-	-
NSCO Investment INC Co.	0.00%	115 484 442	80 847 136	-	144 686 668	51 684 910	(51 684 581)	329	60 821 948	30 306 777	(30 306 585)	192
Cooling Technology by Natural Gas Co. (Gas Chul) S.A.E.	14.01%	93 410	8 715 170	3 637	5 244 657	3 560 286	(3 061 638)	498 648	7 556 408	489 276	(920 748)	68 527
Mador for logistic services	0.80%	-	275 248	-	2 864	272 383	(264 190)	8 193	-	(15 364)	15 364	-
El Fayoun Gas Co. S.A.E.	22.01%	747 475	24 021 066	-	19 157 765	9 610 776	(7 405 449)	2 115 332	20 509 500	3 326 297	(2 516 189)	710 108
Hawshet El Kewnit	30.33%	206 375 590	448 863 226	9 377 579	73 611 194	413 589 583	(203 419 179)	210 170 405	485 740 012	(14 971 170)	(31 643 976)	83 327 195
Doha Insurance	36.78%	93 108 550	57 803 320	110 725	106 954 424	43 855 683	(22 729 109)	21 126 574	61 330 408	16 768 125	(10 592 296)	6 175 828
El Sherouk for Medicine & Kosmos Co.	4.95%	1 726 834	4 917 449	144 346	4 441 400	2 038 537	(1 956 612)	101 925	7 082 960	501 138	(476 325)	24 813
MOG Energy	21.20%	47 477 695	67 042 582	12 165 269	156 415 508	(72 986 456)	94 440 531	21 454 075	74 784 389	71 727 945	(45 601 340)	26 126 605
Globet M3F	16.20%	63 224 796	8 203 076	36 762 531	7 653 868	27 009 473	(22 633 933)	4 375 540	2 272 381	(5 208 353)	4 582 332	(606 021)
		661 840 823	837 359 620	67 278 103	622 284 628	597 601 017	(318 754 473)	278 846 545	841 783 123	265 212 199	(144 152 256)	321 019 501
31 December 2021												
Natural Gas Co. (Nigaz)	16.02%	187 250 118	150 353 601	9 130 540	143 346 352	157 065 541	(131 908 877)	25 156 664	129 103 496	36 907 973	(30 996 546)	5 911 427
Globe for Communication & Information Technology Co.	1.00%	-	585 189	-	1 750	583 439	(577 605)	5 834	-	-	-	-
NSCO Investment INC Co.	0.00%	113 854 847	64 195 761	137 175	108 169 106	72 743 847	(72 743 373)	474	58 657 769	28 500 826	(28 500 640)	186
Cooling Technology by Natural Gas Co. (Gas Chul) S.A.E.	14.01%	211 440	14 326 829	5 728	9 158 694	5 373 847	(4 621 155)	753 652	5 979 575	1 374 695	(1 182 157)	192 537
Mador for logistic services	0.80%	-	250 612	-	2 864	247 747	(274 843)	12 903	-	(5 255)	5 414	159
El Fayoun Gas Co. S.A.E.	22.01%	432 313	28 226 492	8 708	16 377 689	12 272 688	(9 571 469)	2 701 219	11 118 755	3 086 956	(2 407 517)	679 439
Hawshet El Kewnit	35.46%	237 595 967	305 689 224	13 713 009	94 098 095	311 798 828	(140 454 664)	171 344 362	280 292 383	54 616 391	(16 926 310)	37 690 081
Anbiam Fertilizer Limited Co.	19.81%	-	-	-	-	-	(18 537)	(18 537)	-	-	(308)	(308)
Nabood International Limited Co.	0.00%	-	-	-	-	-	(1 618)	(1 618)	-	-	-	-
Doha Insurance	36.78%	150 678 408	41 147 316	59 652	134 748 241	56 994 618	(31 033 969)	25 960 658	66 221 209	15 359 048	(9 703 539)	5 655 510
El Sherouk for Medicine & Kosmos Co.	4.95%	2 429 910	4 388 742	205 499	3 985 764	2 627 389	(2 497 298)	130 091	5 658 300	118 858	(112 973)	5 885
MOG	21.71%	53 926 618	80 034 035	13 418 677	232 382 441	(144 714 400)	155 863 576	9 149 176	34 961 965	596 376	4 094 911	4 691 287
		716 379 141	689 238 001	34 678 948	739 270 916	475 033 544	(239 839 665)	235 193 878	591 988 452	140 555 848	(85 729 665)	54 826 203

*The value of net assets after deducting the amount of minority interest within the companies.

**The value of the net profit after deducting the amount of minority interest within the companies.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

14- Basic / diluted earnings per share of profits

The calculation of basic / diluted earnings per share of profits was based on the profit attributable to shareholders and number of outstanding shares as follows:

	2022	2021
Net profit for the year (owners of the parent Company)	241 062 732	170 859 668
Employees & board member's share in profit -parent Co.	(13 554 988)	(9 823 875)
Employees & board member's share in profit in subsidiaries – proposal	(18 386 216)	(18 283 367)
Shareholder's share in net profit for the year	209 121 528	142 752 426
Weighted average of number of shares	1 126 320 287	1 126 885 287
Basic/diluted earnings per share of profits (US cent / Share)	18.57	12.67

- Weighted average number of outstanding shares during the year calculated as follows:

	2022	2021
Issued shares at the beginning of the year	1 126 885 287	1 016 393 170
Effect of bonus shares issuance	-	102 444 117
Treasury shares	(565 000)	8 048 000
Weighted average of number outstanding shares	1 126 320 287	1 126 885 287

15- Adjustments:

For the purpose of preparing the consolidated statement of cash flows for the financial year ending on December 31, 2022, the effect of the excluded amount from investing activities amounting to 12 736 185 US dollars - additions to property, plant, and equipment - recorded in suppliers, contractors, notes payable and other creditors, representing a non-cash transaction.

16- Property, plant, equipment and projects under construction

	Land	Buildings & constructions	Vehicles & transportation	Perillure & office equipment	Machinery & equipment	Tools & supplies	Stations, generators & electric transformers	Computer, software & decorations	Leashold improvements	Irrigation network	Projects under construction	Total
Cost as of 1/1/2021	27 454 287	46 814 435	8 336 159	5 790 818	355 375 785	1 632 510	67 463 778	7 737 973	934 345	-	34 405 983	555 946 073
Additions	6 465	221 440	1 508 415	1 000 068	2 253 677	225 622	3 771 755	1 379 541	-	2 749 726	-	13 066 799
Change in projects under construction	-	-	-	-	-	-	-	-	-	-	-	45 846 932
Disposals	-	(31 026)	(234 938)	(37 863)	-	-	-	(126 463)	-	-	-	(430 290)
Cost of assets acquired through business combination	-	7 248 356	2 163 337	939 177	-	10 220	-	2 259 083	501 201	-	1 083 870	14 205 244
Foreign currency translation differences	-	15 255	(18 330)	54 322	(55 413)	-	76 790	-	(12 936)	(1 751)	(592 555)	(525 285)
Cost as of 31/12/2021	27 488 211	54 248 458	11 754 643	7 776 522	357 574 049	1 868 935	71 312 323	11 201 427	1 422 610	2 747 975	80 744 236	628 109 383
Additions	5 016 642	8 088 339	1 265 734	1 206 131	1 983 881	156 389	13 018 758	2 099 517	109 349	817 270	-	33 762 010
Change in projects under construction	-	-	-	-	-	-	-	-	-	-	-	61 546 487
Disposals	-	(876 604)	(194 037)	(63 937)	-	-	(534 535)	-	-	-	-	(1 609 113)
Foreign currency translation differences	(5 878 122)	(2 617 288)	(2 627 819)	(2 347 536)	(14 636 320)	(13 944)	(26 951 802)	(1 970 361)	(53 598)	(1 184 028)	(29 799 163)	(88 080 081)
Cost as of 31/12/2022	26 626 731	58 865 985	10 198 521	6 521 080	344 921 610	2 011 380	56 844 744	11 330 583	1 478 361	2 381 217	112 491 554	633 648 686
Depreciation and impairment loss												
Accumulated depreciation and impairment losses as of 1/1/2021	-	25 889 489	6 577 789	4 402 207	223 653 300	1 475 392	14 186 231	5 587 296	648 309	-	-	292 420 093
Depreciation	-	2 145 195	938 997	639 946	18 544 833	84 583	2 962 731	642 864	35 826	488 518	-	26 483 493
Accumulated depreciation of disposals	-	(15 082)	(210 192)	(710)	(6 679)	-	-	(9 034)	-	-	-	(241 697)
Accumulated depreciation of assets acquired through business combination	-	7 248 356	2 020 462	927 125	-	10 220	-	2 223 382	501 201	-	439 935	13 390 741
Foreign currency translation differences	-	4 859	(19 562)	(23 346)	(64 195)	528	9 886	7 594	167	(311)	-	(84 380)
Accumulated depreciation and impairment losses as of 31/12/2021	-	35 278 117	9 307 494	5 945 222	252 127 339	1 570 723	17 158 848	8 452 102	1 182 503	488 207	459 995	331 968 250
Depreciation	-	2 050 340	886 974	1 023 368	18 230 010	178 462	3 105 560	1 176 132	42 319	300 307	-	26 993 481
Accumulated depreciation of disposals	-	(31 540)	(231 016)	(63 937)	-	-	(534 535)	-	-	-	-	(861 028)
Foreign currency translation differences	-	(1 686 377)	(1 719 540)	(2 023 297)	(9 079 564)	(149 691)	(5 656 017)	(1 133 997)	(53 598)	(722 709)	336 956	(21 289 854)
Accumulated depreciation and impairment losses as of 31/12/2022	-	35 605 249	8 243 892	4 883 356	261 277 785	1 599 494	14 671 856	8 494 237	1 174 224	65 805	796 951	336 810 849
Carrying amount as of December 31, 2021	27 488 211	18 995 641	2 447 149	1 761 300	105 446 710	298 212	54 151 475	2 749 325	237 107	2 259 768	88 284 235	296 141 133
Carrying amount as of December 31, 2022	26 626 731	23 257 656	1 954 629	1 639 724	83 643 825	411 886	42 172 888	2 836 346	304 137	2 315 412	111 694 603	296 857 137

17- Goodwill

This balance is represented in the carrying amount of goodwill resulted from acquisition of the following companies:

	31/12/2021	Forex differences	Impairment loss**	Adjustments*	31/12/2022
National Gas	7 897 722	(2 882 635)	-	-	5 015 087
Sprea Misr	11 139 765	(4 065 969)	-	-	7 073 796
El Fayoum Gas	1 622 806	(592 318)	-	-	1 030 488
Alex Fertilizer	34 107 324	-	-	-	34 107 324
Delta Insurance	3 674 278	(1 341 098)	-	-	2 333 180
Shield Gas	5 103 083	-	(5 103 083)	-	-
MOG Energy	76 070 899	-	-	(76 070 899)	-
	<u>139 615 877</u>	<u>(8 882 020)</u>	<u>(5 103 083)</u>	<u>(76 070 899)</u>	<u>49 559 875</u>

* During the second half of 2021, MOG Energy Company was acquired, and the value of goodwill was initially determined based on the difference between the consideration paid and the book values of the net assets acquired, until the fair values of the net assets acquired were determined during the twelve months following the date of acquisition.

The group's management has consolidated these temporary assets and liabilities, provided that any adjustments of these values are to be recognized within twelve months from the date of acquisition. The settlement of goodwill shall be made with an amount equivalent to the adjustments of the fair value on the date of acquisition of any asset, liability or potential liability recognized or settled. The value of goodwill resulting from the acquisition amounted to USD 76 million, and on February 23, 2022, MOG Energy (the acquiree) signed a settlement agreement of the syndicate loan granted to it by several banks, which provides for a final settlement of this loan by paying an approximate amount of USD 27 million out of an approximate balance of USD 90.42 million in return for exempting the Company from paying the total remaining amount of this loan value and the interest due thereon which totally amounted to approximately USD 63.42 million on the settlement date.

On February 27, 2022, the management of Mog Energy Company completed the settlement with the banks and paid the agreed settlement amount, and the company obtained clearances from all the lending banks, each according to its share in the loan, which included reducing the group's obligations, and the impact of this reduction was considered in the study of allocating the purchase price, the matter which resulted in the recognition of an amount of approximately USD 26,416 million in the account of "Exploration and Development Assets - Contractual Agreements" (Note No. 21), and the initial goodwill value of the Group was decreased by the same amount.

** During the year, impairment losses of Shield Gas Company's goodwill were recorded based on the financial results achieved during the last three years of the said company and the business plan during the next five years.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

18- Right of use assets

	31/12/2022	31/12/2021
<u>Cost</u>		
Cost at the beginning of the year	13 966 015	13 765 315
Additions	2 169 299	23 357
Cost of assets acquired through business combination	-	177 343
Cost at the end of the year	16 135 314	13 966 015
<u>Accumulated depreciation</u>		
Accumulated depreciation at the beginning of the year	(1 933 589)	(1 011 385)
Depreciation	(1 069 433)	(895 602)
Accumulated depreciation of assets acquired through business combination	-	(26 602)
Accumulated depreciation at the end of the year	(3 003 022)	(1 933 589)
Net amount	13 132 292	12 032 426
Effect of change in foreign exchange rates	(3 393 566)	59 113
Net carrying amount	9 738 726	12 091 539

* Present value of the total liabilities resulted from right of use as follows:

	31/12/2022	31/12/2021
Short-term lease contracts liabilities	2 033 858	2 453 880
Long-term lease contracts liabilities	8 238 615	9 871 539
	10 272 473	12 325 419

19- Intangible assets

	Net as of 1/1/2022	Amortization	Translation differences	Net as of 31/12/2022
Deferred revenue charges*	440 960	(197 447)	(117 214)	126 299
Other assets**	750 000	(250 000)	-	500 000
	1 190 960	(447 447)	(117 214)	626 299

* This item is represented in the costs related to Nubaria Electrical Station and pressure reduction station in Beheira government. Both stations will be delivered to the Egyptian Natural Gas Holding Company (EGAS) at the end of the agreement. Which will be amortized over 15 years.

** This item is represented in the amounts paid to others, whereby, it is expected to obtain future economic benefits to the subsidiary which will be amortized over 8 years.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

20- Biological assets

	31/12/2022	31/12/2021
Tree forests	387 582	781 527
Wages, salaries, and consultations	879 407	926 936
Fertilizers and pesticides	168 513	156 008
Tools' rent	137 490	162 892
Right of use assets' amortization	165 939	196 929
Usufruct benefit	307 460	260 400
Property plant and equipment' depreciation	709 762	545 505
Other	277 867	240 282
	3 034 020	3 270 479

- This balance is represented in the acquisition cost of the tree forest (Camphor, Casuarina and Sesbania trees) which is located on the plots of land leased by the Group's management.

As the group's management reclaimed and cultivated an area of 2,652 acres with tree forests, taking the following into consideration:

- All crops are still in the experimental cultivation stage.
- All crops are still in the first of the agricultural cycle.
- There is no possibility to estimate the productivity of an acre to a reasonable degree.
- Lack of an active market.
- It is not possible to determine a comparative price.
- It is not possible to determine the expected costs of completing the cultivation process.

Based on the above, the group's management believes that the fair value cannot be estimated on a reliable manner and therefore the biological assets have been measured at cost.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.) for the financial year ended December 31, 2022
All numbers are in US Dollars

Translated

21- Exploration and development assets

Cost	Producing wells	Exploration wells	Development wells	Equipment / field services	Pipelines	Projects under construction	Total
As of 1/1/2021	87 072 022	-	-	33 895 906	-	3 695 776	124 663 704
Additions	2 377 597	-	-	-	-	58 244 293	60 621 890
Adjustments	(3 846 697)	-	-	-	-	-	(3 846 697)
Cost of assets acquired through business combination	172 475 320	24 095 854	105 830 089	190 334 748	159 832 556	-	652 568 567
As of 31/12/2021	258 078 242	24 095 854	105 830 089	224 230 654	159 832 556	61 940 069	834 007 464
As of 1/1/2022	258 078 242	24 095 854	105 830 089	224 230 654	159 832 556	61 940 069	834 007 464
Additions	31 919 126	347 597	-	45 001 462	-	4 371 464	81 639 649
Contractual agreements (note no. 17)	26 416 111	-	-	-	-	-	26 416 111
Change in projects under constructions	-	-	-	-	-	(61 940 144)	(61 940 144)
As of 31/12/2022	316 413 479	24 443 451	105 830 089	269 232 116	159 832 556	4 371 389	880 123 080
<u>Accumulated amortization, depletion, and impairment losses</u>							
As of 1/1/2021	48 802 886	-	-	2 848 574	-	-	51 651 460
Amortization	15 158 701	-	-	5 051 363	-	-	20 210 064
Accumulated amortization of assets acquired through business combination	148 134 389	24 095 854	104 780 635	158 911 649	159 832 556	-	595 755 083
As of 31/12/2021	212 095 976	24 095 854	104 780 635	166 811 586	159 832 556	-	667 616 607
As of 1/1/2022	212 095 976	24 095 854	104 780 635	166 811 586	159 832 556	-	667 616 607
Amortization	20 331 766	77 809	-	10 207 341	-	-	30 616 916
As of 31/12/2022	232 427 742	24 173 663	104 780 635	177 018 927	159 832 556	-	698 233 523
Carrying amount as of 31/12/2021	45 982 266	-	1 049 454	57 419 068	-	61 940 069	166 390 857
Carrying amount as of 31/12/2022	83 985 737	269 788	1 049 454	92 213 189	-	4 371 389	181 889 557

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

22- Equity-accounted investees (associates companies)

	Direct & indirect Ownership	31/12/2022	31/12/2021
	%		
<u>Investments listed in stock exchange</u>			
El-Mohandes Insurance Company	24.99	20 491 371	18 546 476
<u>Investments not listed in stock exchange</u>			
Inayah Egypt for Medical Care Programs Management Co.	12.65	329 711	500 010
Egyptian Tankers Co.	30	17 128 175	17 128 175
		37 949 257	36 174 661
Impairment losses		(17 128 175)	(17 128 175)
		20 821 082	19 046 486

The following is a summary of the financial information of the affiliated companies:

	Al Mohandes Insurance Company	Inayah Egypt Co.	Egyptian Tankers Co. (S.A.E.)
<u>31 December 2022</u>			
Total assets	106 894 026	3 435 172	65 241 189
Total Liabilities	(75 443 988)	(1 585 962)	(41 892 397)
Equity (100%)	31 450 038	1 849 210	23 348 792
The group share in net equity	7 859 364	233 814	7 004 637
Revenues	41 067 097	1 396 349	21 668 526
Net profit	8 881 930	430 994	1 785 725
Group's share of net profit	2 219 594	54 495	535 718
<u>31 December 2021</u>			
Total assets	142 310 800	4 516 714	67 460 100
Total Liabilities	(101 780 496)	(1 774 352)	(45 897 034)
Equity (100%)	40 530 304	2 742 362	21 563 066
The group share in net equity	10 128 523	346 744	6 468 920
Revenues	39 232 305	1 545 008	22 211 470
Net profit	6 735 868	674 755	(20 138 371)
Group's share of net profit	1 683 293	85 316	(6 041 511)

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****23- Financial assets at fair value through other comprehensive income**

	<u>31/12/2022</u>	<u>31/12/2021</u>
Government debt securities	216 835 426	195 229 052
Local companies' stocks listed in (EGX)	1 349 660	1 641 890
Foreign companies' stocks listed on foreign stock exchanges	1 378 939	1 398 110
	<u>219 564 025</u>	<u>198 269 052</u>
Long term	105 099 669	132 036 269
Short term	114 464 356	66 232 783
	<u>219 564 025</u>	<u>198 269 052</u>

All these assets have been recorded at fair value in accordance with the published prices in the market.

The movement of financial assets at fair value is as follows: -

	<u>31/12/2022</u>	<u>31/12/2021</u>
Cost	319 514 521	281 409 762
Change in fair value*	(8 426 644)	6 900 935
Expected credit losses	(91 523 852)	(90 041 645)
Balance 31 December	<u>219 564 025</u>	<u>198 269 052</u>

	<u>31/12/2021</u>	<u>Change during the year</u>	<u>31/12/2022</u>
*Classified as follows:			
Owners of the parent Company	7 819 806	(13 929 976)	(6 110 170)
Non-controlling interests	(918 871)	(1 397 603)	(2 316 474)
	<u>6 900 935</u>	<u>(15 327 579)</u>	<u>(8 426 644)</u>

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****24- Financial assets at amortized cost**

	31/12/2022	31/12/2021
Governmental bonds	126 263 005	188 059 712
Treasury bills	98 063 725	351 098 103
Designated governmental bonds "Insurance Sector"	57 358 017	72 647 271
Designated bank investment certificates "Insurance sector"	28 419 563	68 962 444
Government bonds "Insurance sector"	3 064 457	2 254 349
Investment certificates at local banks "Insurance Sector"	1 576 395	3 882 877
	314 745 162	686 904 756
Expected credit losses	(1 383 122)	-
Balance 31 December	313 362 040	686 904 756
<u>Classified as follows: -</u>		
Current (due within one year)	98 063 725	351 098 103
Non-current (due after one year)	215 298 315	335 806 653
	313 362 040	686 904 756

25- Inventories

	31/12/2022	31/12/2021
Spare parts and tools	34 163 465	30 423 646
Suppliers	31 602 134	33 952 200
Fuel and oil	15 950 129	14 023 698
Finished goods and work in process	11 400 608	10 949 173
Letters of credit & goods in transit	2 398	45 254
	93 118 734	89 393 971
Inventory write down	(575 062)	(676 818)
	92 543 672	88 717 153

26- Work in progress

	31/12/2022	31/12/2021
Land & buildings under development	34 111 088	30 770 371
Others	195 388	1 170 936
	34 306 476	31 941 307

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****27- Financial assets at fair value through profit or loss**

This balance is represented in the market value of the portfolios owned by the Group, which consist of Egyptian Companies' shares, governmental bonds and portfolios managed by abroad investment managers for the purpose of dealing in international stock exchanges. These investments are represented as follows:

	31/12/2022	31/12/2021
Portfolios managed by investment managers	4 368 941	4 516 140
Egyptian Companies' stocks (listed in the Egyptian Stock Exchange)	180 628	264 570
Investments funds	4 041 066	19 983 393
Governmental bonds	19 329 196	29 345 545
	27 919 831	54 109 648

28- Trade & notes receivable

	31/12/2022	31/12/2021
Trade receivables	69 968 489	51 259 001
Egyptian General Petroleum Corporation*	49 800 555	35 760 966
	119 769 044	87 019 967
Expected credit losses	(3 485 582)	(1 648 743)
Notes receivable	23 013 952	19 000 274
	139 297 414	104 371 498

Classified as follows:

Current (due within one year)	133 048 067	104 248 145
Non-current (due after one year)	6 249 347	123 353
Balance as of 31 December	139 297 414	104 371 498

* Egyptian General Petroleum Corporation's balance is related to the following companies:

	31/12/2022	31/12/2021
Natgas Co.	3 298 706	1 574 082
El Fayoum Gas Co.	-	515 251
NSCO Co.	46 501 849	33 671 633
	49 800 555	35 760 966

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****29- Other current assets**

	<u>31/12/2022</u>	<u>31/12/2021</u>
Accrued revenue	28 896 523	25 584 303
Suppliers-advanced payments	15 833 467	34 848 801
Tax Authority	16 300 962	17 010 528
Uncollected issued bills	-	9 581 844
Accounts receivables from insurance	11 404 062	14 608 452
Insurance with others	7 915 901	7 845 372
Prepaid expenses	1 979 219	2 404 235
Cheques under collection	2 143 199	2 234 338
Due from building materials industries Co.	3 288 359	4 530 289
Insurance and reinsurance Companies	1 909 018	1 621 485
Payments to employees under dividends distributions	1 517 666	1 280 892
Due from Sudapet Co.	1 411 896	1 411 896
Debtors- west Jabal al-Zeit	1 142 656	2 641 930
Imprests & employee's custodies	233 394	299 734
Refunded networks costs from the corporation	625 175	2 504 293
Due from Egyptian Hydrocarbon Co.	500 000	500 000
Loans guaranteed by individuals' insurance policies	195 664	374 451
Other debit balances	10 946 436	11 640 912
	<u>106 243 597</u>	<u>140 923 755</u>
Expected credit losses	(3 939 965)	(8 098 515)
	<u>102 303 632</u>	<u>132 825 240</u>

30- Derivative financial instruments

The balance amounting to Nil US dollars is represented in the value of financial derivatives (year 2021: amount of approximately USD 1.209 million), as the group's management concluded forward exchange contracts in US dollars with one of the banks it deals with, and the contractual value of these contracts during the year 2022 amounted to 33 million USD dollars (the amount of 220.640 million Egyptian pounds on December 31, 2021), and these transactions resulted in losses of approximately USD 8.07 million during the year (2021 profits of approximately USD 3.661 million) that were recorded in the consolidated statement of profit or loss and other comprehensive income..

31- Cash and cash equivalents

	<u>31/12/2022</u>	<u>31/12/2021</u>
Banks – current accounts	83 047 698	100 683 428
Banks – time deposits (less than three months)	237 058 341	44 232 861
Banks – time deposits (more than three months)	135 468 573	46 753 640
Cash on hand	443 455	565 628
	<u>456 018 067</u>	<u>192 235 557</u>
Expected credit losses	(2 461 457)	(2 222 520)
	<u>453 556 610</u>	<u>190 013 037</u>

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned**

For the purpose of preparing the consolidated statement of cash flows, cash & cash equivalents account is represented as follows:

	31/12/2022	31/12/2021
Cash & cash equivalents	456 018 067	192 235 557
Investments in treasury bills - during three months	48 997 209	108 090 666
Time deposits (more than three months)	(135 468 573)	(46 753 640)
	369 546 703	253 572 583

32-Non-current assets held for sale

	31/12/2022	31/12/2021
Egyptian Hydrocarbon Co.*	14 900 000	14 900 000
	14 900 000	14 900 000

*Assets related to the Egyptian Hydrocarbon Company – financial assets at fair value through other comprehensive income are presented as non-current held for sale as of December 31, 2022, during year 2017 one of the group's subsidiaries signed an agreement for sale 10% Egyptian Hydrocarbon Company shares to a party outside the group, An amount of USD 2 million was obtained as a selling advance during year 2017, which is recognized in the credit balances, and the contract with the buyer was renewed until the rest of the contract value is paid.

33-Share capital and reserves

- The Company's authorized capital is USD 500 million (Five hundred million USD).
- The issued capital was initially determined amounted to USD 120 million (One hundred & twenty million USD) distributed over 12 million shares at a par value of USD 10 per share. The Founders and subscribers through methods other than public subscription have subscribed to 9 million shares at a value of USD 90 million (Only ninety million USD) 3 million shares at USD 30 million (Only thirty million USD) were offered for public subscription and they were fully underwritten. The issued capital was fully paid. The issued capital has been increased and the share of the Company was split several times to reach an amount of USD 281 721 321.75 distributed over 1 126 885 287 shares of par value of US Cent 25 each fully paid and has been noted in the commercial register.

34- Other reserves

	31/12/2022	31/12/2021
Special reserve – share premium	57 954 547	57 954 547
General reserve	8 380 462	8 380 462
Fair value reserve	(6 110 170)	7 819 806
Foreign exchange reserves	(359 088 201)	(159 602 609)
	(298 863 362)	(85 447 794)

Legal reserve

According to the Companies' Law and the Parent Company's article of association, the Company is required to set aside 5% of the annual net profit of the Holding Company to form the legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital of the Holding Company. The reserve is not distributable. However, it can be used to increase the share capital or offset losses.

Special reserve – share premium

The balance is represented in the remaining amount of the share premium of the issued share capital increase of a number of 136 363 636 shares during year 2014 after deducting the amount of USD 17 045 454 credited to the legal reserve.

General reserve

General reserve item represents the amounts set aside from the Holding Company's profits in previous years according to the resolutions of the General Assembly Meeting of shareholders of the holding Company. This reserve shall be used by a resolution from the General Assembly of shareholders based on a proposal from the holding Company's board of directors in matters that could be favorable to the Company's interests.

Fair value reserve

This item is represented in the accumulated net change in the fair value of financial assets at fair value through other comprehensive income until the investment is derecognized.

Translation differences reserve

This item represents in the accumulated differences resulted in the financial statements translations for the subsidiary companies from foreign currency to USD in addition to its share in accumulated differences in associate's owner equity's translations.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****35-Prior period adjustments**

During the year, the opening retained earnings' balance and non-controlling interests were restated by an amount of USD 130 352 367 and an amount of USD 344 745 respectively as follows:

	Retained earnings	Non-controlling interest
Decrease the opening balance of retained earnings and the opening balance of non-controlling interests by the value of some unrecognized financial liabilities during the years from 2018 to 2021.	(3 200 907)	(344 745)
Decrease the opening balance of retained earnings by the value of impairment losses for some non-current assets held for sale, which were recorded in the balance of foreign currency translation reserve.	(25 814 134)	-
Decrease the opening balance of retained earnings by the value of impairment losses for some non-current assets held for sale.	(13 255 557)	-
The group's management has recorded the change in the fair value of some financial investments at fair value through other comprehensive income in the balance of the fair value reserve in the statement of changes in equity, and as a result of the continued instability in the economic conditions of this country, the group's management has decided to record the expected credit losses for this investment to the opening balance of the retained earnings, by an amount of USD 76 668 306 that has been reclassified from the fair value reserve.	(88 081 769)	-
	(130 352 367)	(344 745)

36-Deferred tax liabilities

	31/12/2021	Income tax benefit	Translation difference	31/12/2022
Property, plant and equipment, projects under constructions and other assets	14 088 096	(3 666 672)	(1 416 915)	9 004 509
	14 088 096	(3 666 672)	(1 416 915)	9 004 509

Deferred tax assets – not recognized

Deferred tax assets related to tax losses and deductible temporary differences have not been recognized due to the lack of an appropriate degree to ensure that there are sufficient future tax profits through which these assets can be utilized.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned****Deferred tax liabilities - not recognized**

Deferred tax liabilities related to the temporary differences of the undistributed profits of some subsidiaries have not been recognized based on the following:

First: Most of the undistributed retained profits do not have a distribution tax, as they are related to profits made in exempt companies (companies under the free zone system and companies outside Egypt).

Second: Regarding the undistributed profits of companies subject to the distribution tax in Egypt, the management of the holding company controls the timing of disbursing these distributions, and the applied policy is to keep all the distributable profits to be reinvested instead of resorting to financing as a result of the high interest rates, which exceeded 17.25%.

Thus, there is no possibility of making dividends in the foreseeable future.

Accordingly, the group's policy, according to IFRS 24, is to recognize the deferred tax related to the profits expected to be distributed within the limits of the distribution tax on the amounts that are planned to be distributed by the holding company in the coming years.

37- Suppliers, contractors, notes payable & other creditors

	31/12/2022	31/12/2021
Suppliers & contractors	38 154 224	38 505 684
Notes payable	9 238 097	5 264 895
Customers – Advanced payments	51 067 788	48 361 318
Accrued expenses	46 219 132	48 747 530
Deposits from others	10 733 261	17 537 275
National Egyptian Authority for Petroleum*	10 077 503	17 195 798
Insurance and reinsurance Companies	12 305 576	10 890 500
Accrued loan interest	2 903 165	1 635 105
Collected installments	989 595	962 725
Dividends payable	1 196 641	1 196 641
Dividends payable-non-controlling interests	5 870 426	10 824 862
Insured current account	1 297 432	1 123 908
Financing from non- controlling interests	8 998 865	7 952 840
Operating companies	8 599 859	7 042 845
Employees' dividends payable	2 128 561	168 670
Property, plant & equipment creditors	1 232 873	648 132
Other credit balances	74 709 274	70 264 345
<u>Classified as follows:</u>	285 722 272	288 323 073
Current (due within one year)	276 177 341	284 436 312
Non-current (due after one year)	9 544 931	3 886 761
Balance as of 31 December	285 722 272	288 323 073

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

*National Egyptian Authority for Petroleum balance concerning the following companies: -

	<u>31/12/2022</u>	<u>31/12/2021</u>
National Gas Co. (Natgas)	-	8 550 566
El Fayoum Gas Co.	10 077 503	8 645 232
	<u>10 077 503</u>	<u>17 195 798</u>

38- Loans

	<u>Loan's currency</u>	<u>Amount granted</u>	<u>Maturity date</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Egypt Kuwait Holding Co.</u>					
Loan guaranteed by investment portfolio	USD	60 000 000	2023-2026	60 000 000	-
Loan guaranteed by investment portfolio	EGP	16 704 549	2022-2023	16 704 549	-
Loan guaranteed by investment portfolios	USD	193 583 333	2022-2027	193 583 333	200 000 000
<u>National Gas Co. "Natgas"</u>					
Loan without guarantee	EGP	6 303 119	2021-2026	6 303 119	7 067 052
Loan guaranteed by treasury bills	EGP	2 978 045	2022	2 978 045	4 705 273
<u>AD Astra Co.</u>					
Loan guaranteed by the pledge of the acquired assets	Euro	14 973 866	2036	14 973 866	14 689 273
<u>MOG Energy Co.</u>					
Loan without guarantee	USD	12 143 225	2022	12 143 225	14 088 741
Loan without guarantee	USD	1 187 180	2022-2028	1 187 180	90 695 521
<u>Asprea for Chemicals Co.</u>					
A loan secured by a commercial mortgage on the financed assets	EGP	21 341 046	2022-2026	21 341 046	14 849 774
<u>Spreea misr for Chemicals & Plastic Co.</u>					
Loan without guarantee	EGP	5 942 061	2021-2026	5 942 061	477 013
<u>Nile Wood Co.</u>					
A secured loan by building mortgage and commercial mortgage on the financed assets	EGP	53 205 335	2023-2028	32 721 402	26 949 950
<u>Gas Chill Co:</u>					
ABK loan	EGP	300 067		300 067	-
Total				<u>368 177 893</u>	<u>373 522 597</u>
Current loans				<u>87 728 665</u>	<u>116 782 700</u>
Non-current loans				<u>280 449 228</u>	<u>256 739 897</u>
				<u>368 177 893</u>	<u>373 522 597</u>

- Most of the interest rates on loans are the LIBOR or Corridor rate, in addition to a margin.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)

Translated

Notes to the consolidated financial statements (Cont.)

For the financial year ended December 31, 2022

All amounts are in US Dollars unless otherwise is mentioned

39- Bank facilities

	<u>Facility's Currency</u>	<u>Amount granted</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Egyptian Kuwait Holding Co.</u>				
Facility without guarantee	EGP & USD	18 000 000	16 333 055	17 406 827
Facility guaranteed by investment portfolio for one of the subsidiaries	EGP & USD	50 000 000	15 331 639	24 488 071
Credit facility guaranteed by investment portfolio	USD	50 000 000	49 641 666	36 500 000
Facility guaranteed by investment portfolio for one of the subsidiaries	USD	50 000 000	33 000 000	78 900 000
Facility without guarantee	USD & EGP	50 000 000	7 595 899	28 690 896
Facility without guarantee	USD & EGP	30 000 000	30 137 148	29 996 685
Facility guaranteed by investment portfolio for one of the subsidiaries	EGP	30 000 000	12 236 872	19 116 282
<u>Gas Chill Co.</u>				
Credit facility guaranteed by deposits	EGP	3 000 000	884 836	1 915 593
Facility without guarantee	EGP	8 084 074	6 699 066	2 832 976
Facility without guarantee	EGP	6 063 056	-	870 929
Facility without guarantee	EGP	4 042 037	416	4 204 890
Facility without guarantee	EGP	2 425 222	1 136 038	-
Facility without guarantee	EGP	6 063 056	7 448 311	6 446 042
Facility without guarantee	EGP	8 084 074	8 082 014	-
Facility without guarantee	EGP	4 042 037	1 585 909	-
Facility without guarantee	EGP	6 063 056	5 674 779	747 244
Facility without guarantee	EGP	4 042 037	231 765	-
Facility without guarantee	EGP	10 105 093	5 022 374	8 466 159
Facility without guarantee	EGP	3 031 528	1 797 717	2 476 769
<u>Sprea misr for Chemicals & Plastic Co.</u>				
Facility without guarantee	EGP	10 105 092	671 745	5 697 208
Facility without guarantee	EGP	14 147 130	16 198	18 076 874
Facility without guarantee	EGP	9 296 686	6 310 305	11 096 037
Facility without guarantee	EGP	12 126 112	13 278 754	16 563 433
Facility without guarantee	EGP	9 700 889	6 290 196	-
B/F			367 406 702	314 465 915

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)

Translated

Notes to the consolidated financial statements (Cont.)

For the financial year ended December 31, 2022

All amounts are in US Dollars unless otherwise is mentioned

C/F	<u>Facility's Currency</u>	<u>Amount granted</u>	<u>31/12/2022</u> 367 406 702	<u>31/12/2021</u> 314 465 915
Facility without guarantee	EGP	8 084 074	3 228 567	-
Facility without guarantee	EGP	13 338 723	6 130 353	-
Facility without guarantee	EGP	2 425 222	1 743 973	3 051 685
<u>Bedayty for Small & Micro Projects Co.</u>				
Facility without guarantee	EGP	16 774 454	12 070 808	-
<u>Shield Gas Co.</u>				
Credit facility guaranteed by investment portfolio	USD	-	-	3 383 033
Credit facility without guarantee	AED	50 000	28 168	99 114
Credit facility without guarantee	AED	1 000 000	515 378	269 956
<u>OGI Co.</u>				
Credit facility guaranteed by investment portfolio	USD	20 000 000	8 000 000	6 304 920
			261 123 949	327 601 623
Current facilities			128 108 263	128 912 633
Non-current facilities			133 015 686	198 688 990
			261 123 949	327 601 623

- Most of the interest rates on credit facilities are the LIBOR or corridor rate, in addition to a margin.

40- Provisions

	<u>Balance as of 1/1/2022</u>	<u>Provisions formed</u>	<u>Provisions used</u>	<u>Provisions no longer required</u>	<u>Translation differences</u>	<u>Balance as of 31/12/2022</u>
Retention provisions	373 549	34 746	(9 540)	-	(373 069)	25 686
Other provisions*	68 310 132	5 352 653	(1 180 229)	(3 397 942)	(4 859 315)	64 225 299
	68 683 681	5 387 399	(1 189 769)	(3 397 942)	(5 232 384)	64 250 985

* The provisions relate to expected claims from certain entities related to Company's business. The usual disclosure information about the provisions has not been disclosed in accordance with Egyptian accounting standards, as we believe that doing so will seriously affect the results of the negotiations with those entities.

- The provisions formed during the year includes an amount of USD 613 972, is represented in the financing expenses of the present value of the provisions to bring the asset to its first intended condition recognized in the exploration and development assets item amounting to USD 766 055 during year 2020.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

41- Insurance policyholder s' rights

	31/12/2022	31/12/2021
Technical provisions for individual's insurance	59 576 087	25 659 612
Technical provisions for property and liability insurance	19 120 862	84 408 112
Policyholder s' rights for investments units	4 368 941	4 516 140
Provision for outstanding claims	482 299	723 579
	83 548 189	115 307 443

42- Subsidiaries Companies

Main subsidiaries are represented in the following:

	Sector	Company Nature	Country of Incorporation	Direct & indirect Ownership %	
				31/12/2022	31/12/2021
<u>Companies under direct control</u>					
International Financial Investments Co. S.A. E	Other	Diversified Investment	Egypt	100	100
Bawabat Al Kuwait Holding Co.- S.A.K *	Fertilizers and chemicals	Diversified Investment	Kuwait	69.67	64.54
Delta Insurance Co.*	Insurance	Insurance	Egypt	63.22	63.22
Globe for Communication & Information Technology Co.	Other	Telecommunications Services	Egypt	99	99
Globe Telecom Co.	Other	Telecommunications Services	Egypt	100	100
ECO for Industrial Development	Other	Industrial development	Egypt	100	100
MAT Company for Trading	Other	Trade and agencies	Egypt	100	100
EKH B.V.	Other	Diversified Investment	Netherlands	100	100
Global MDF Industries B.V.	Wood manufacturing	Diversified Investment	Netherlands	83,8	100
EKH Microfinance	Other	Investing in non-banking financial services	Netherlands	100	100
Mega Me for Trade Co.	Other	Trade and retail	Egypt	100	100
Arabian Fertilizer Limited Co. (Liquidated)	Fertilizers and chemicals	Phosphate fertilizers	Egypt	-	80.21
OGI Capital - Limited Liability Co.- Free Zone - Jebel Ali	Other	Diversified Investment	United Arab of Emirates	100	100
<u>Subsidiaries Companies of International Financial Investments Co.</u>					
Spreea Misr for Production of Chemicals & Plastics Co. S.A. E	Fertilizers and chemicals	Chemicals and plastics production	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Fertilizers and chemicals	Chemicals and plastics	Egypt	100	100
National Energy Co - S.A. E	Energy	Investment in energy sector	Egypt	100	100
El Fayoum Gas Holding Company	Energy	Investment in energy	Virgin Islands	100	100
Midor Suez Oil Refining Co. (Under liquidation)	Energy	Investment in energy sector	Egypt	100	100
NSCO INVESTMENT LIMITED Company	Energy	Investment in Natural gas exploration and production	Cayman Islands	99.9993	99.9993
BKH Megan	Other	Diversified Investment	Cayman Islands	100	100

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)

Translated

Notes to the consolidated financial statements (Cont.)

For the financial year ended December 31, 2022

All amounts are in US Dollars unless otherwise is mentioned

	Sector	Company Nature	Country of Incorporation	Direct & indirect Ownership %	
				31/12/2022	31/12/2021
Arabian Fertilizer Limited Co. (Liquidated)	Investment	Investment in fertilizers and chemicals	United Arab of Emirates	-	100
National Gas Company (NATGAS) S.A. E	Energy	Gas distribution and delivery	Egypt	83.98	83.98
Nahood International Limited Co.	Other	Cement Investment	United Arab of Emirates	60	60
Solidarity Mena Limited Co.	Other	Diversified Investment	United Arab of Emirates	100	100
Solidarity International Limited Co.	Other	Diversified Investment	United Arab of Emirates	100	100
Solidarity group limited Co.*	Other	Diversified Investment	United Arab of Emirates	100	100
MEA Investments Co.	Other	Diversified Investment	United Arab of Emirates	100	100
Africa Netherlands	Other	Diversified Investment	Netherlands	100	100
IFIC Petrochemicals Co.	Other	Diversified Investment	Cayman Islands	100	100
Ekuity Holding International - Limited by Shares	Other	Diversified Investment	Cayman Islands	100	100
Henosis for Construction & Real- Estate Development Co.	Other	Logistic services	Egypt	100	100
Capital Investment Limited	Other	Diversified Investment	Luxembourg	100	100
AD ASTRA REAL ESTATE, S.L. Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO MISR, S.L. Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO ALCAZAR, S.L. Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO CAIRO, S.L. Co.	Other	Real estate investment	Spain	100	100
SISTEMAS INDUSTRIALES SALGAR II S.L Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO MEDINA, S.L. Co.	Other	Real estate investment	Spain	100	100
Gas Serve Co.	Energy	Gas services	Egypt	100	100
Shield Gas Co.	Energy	Gas distribution	United Arab of	100	100
EEK Investment Holding LTD Co.	Energy	Investment in Gas distribution services	United Arab of Emirates	100	100
International Fertilizer trading Co.	Other	Cement Investments	Cayman Islands	100	100
NSCO Investment INC Co.	Energy	Investment in Natural gas exploration and	Panama	100	100
IFIC Investments Limited Co. (Liquidated)	Other	Diversified Investment	United Arab of Emirates	-	100
IFIC Global Co.	Energy	Gas Investments	Cayman Islands	100	100
<u>Subsidiary of Solidarity group</u>					
MOG Energy group Companies *	Energy	Petrol and gas	Egypt	78.80	78.29
<u>Subsidiary of Globe Telecom Co.</u>					
Globe for Trading & Agencies Co.	Other	Trade and agencies	Egypt	100	100
<u>Subsidiaries of National Gas Co. Natgas</u>					

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

	Sector	Company Nature	Country of Incorporation	Direct & indirect Ownership %	
				31/12/2022	31/12/2021
Al Watania for Electric Technology Co (Kahraba) S.A.E.	Energy	Electricity generation and distribution	Egypt	91.95	91.95
Al Nubaria for Natural Gas Co.	Energy	Gas distribution	Egypt	83.98	83.98
Egypt Kuwait Investments Holding Limited Co.	Energy	Diversified Investment	United Arab of Emirates	83.98	100
Kahraba Future Co.	Energy	Electricity generation and distribution	Egypt	91.95	91.95
Gas Line Co.	Energy	Gas distribution & delivery	Egypt	83.98	83.98
<u>Subsidiaries of BKH Megan Co.</u>					
Middle East for River Transport	Other	River Transportation	Egypt	100	100
Mert Holding	Other	River Transportation	Cayman Islands	100	100
BMIC Holding	Other	Cement Investments	Cayman Islands	100	100
<u>Subsidiaries of National Energy</u>					
Cooling Technology by Natural Gas Co. (Gas Chill) S.A.E.	Other	Natural gas refrigeration technology	Egypt	85.99	85.99
El Fayoum Gas Co. S.A.E.	Energy	Gas distribution	Egypt	77.99	77.99
Technology Gas Co. GoGas	Energy	Natural gas distribution & delivery	Egypt	99.20	99.20
<u>Subsidiaries of Bawabat Al Kuwait Holding Co.</u>					
Alex Fert Co. - S.A.E.	Fertilizers and chemicals	Cement manufacturing	Egypt	60.10	57.3
International Logistics Co. – L.L.C.	Fertilizers and chemicals	Cement Investments	Kuwait	69.67	64.54
Polar Star Investments Co.	Fertilizers and chemicals	Diversified Investment	United Arab of Emirates	60.10	57.3
<u>Subsidiary of Egyptian Company for Petrochemicals</u>					
El Shorouk for Melamine & Resins Co.	Fertilizers and chemicals	Production of melamine products and resins	Egypt	95.05	95.05
<u>Subsidiary of Global MDF Co.</u>					
Cairo Wood for Imports and Exports Co. (S.A.E.)	Wood Manufacturing	Wood trade	Egypt	83.8	100
Nile Waste Co.	Wood Manufacturing	Recycle agricultural waste	Egypt	83.8	100
Nile Wood Co. (S.A.E.)	Wood Manufacturing	Wood Manufacturing	Egypt	83.8	100
Eco for Agricultural Development	Wood Manufacturing	Reclamation and cultivation of tree forests	Egypt	83.8	100
<u>Subsidiaries of Sprea Misr for Production of Chemicals &</u>					
Asprea for Chemicals Co. (S.A.E.)	Fertilizers and chemicals	Chemicals and plastics	Egypt	100	100
<u>Subsidiary of EKH Microfinance Co.</u>					
Bedayty for Small & Micro Projects Co.	Others	Financing micro projects	Egypt	100	100
Bedayty for Consumer Finance Co.	Others	Consumer Financing	Egypt	100	100

* During the year, an additional 0.06 % in Bawabat Al Kuwait Holding Co.' capital share was acquired, and an additional 6.45% in Delta Insurance Co's capital share, the loss resulting from the acquisition was recorded in the balance of retained earnings in the consolidated statement of changes in equity.

43- Transactions with related parties

Related parties are represented in the Parent Company & its subsidiaries' shareholders, and Companies in which they own directly shares giving them significant influence or controls over the Group as well as the board members of the group companies. The Group's companies made several transactions with related parties and these transactions have been done in accordance with the terms determined by the Board of Directors of these companies. Significant transactions are represented in following: -

- The Group has agreed with Abu Qir Fertilizers and Chemical Industries Co. on signing rental contracts for a plot of land to construct the factory on it with a yearly rental value USD 622 494 effective from July 15, 2003 and last for 25 years, a contract for a building to use it as a temporary headquarter for the Company's management with an annual rental value of EGP 237 600 with annual increase amounting to EGP 16 632 effective from December 1, 2003 and last for July 14, 2028. The Company has also leased a plot of land with an annual rental value of USD 421 000 to construct a water station effective from January 30, 2005, for a period of 25 years. It was also agreed to use the land and sea facilities of the Abu Qir Company to export quantities of ammonia produced by the group.

44- Dividends approved, and board of directors' remuneration

- On February 28, 2017, the board of directors of the Parent Company unanimously decided to set an amount of 5% of the annual profits to the chairman and managing director of the Company. The decision is effective from the 2016 results and decided to grant part of the said amount to the employees. The said amount will be set and granted from the board of directors' bonuses of subsidiaries.

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2021, of 7 Cent/share with a total amount of USD 78 881 970, approved remunerations for the board of directors amounting to USD 8 542 983, approved employees' dividends amounting to USD 1 280 892. The approval was made by the shareholders general assembly meeting of the Parent Company held on March 31, 2022.

45- Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

This disclosure presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Parent Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board also is responsible for identifying and analyzing the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Parent Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base including the default risk of the industry has less an influence on credit risk.

The Group Management has established credit policies under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment basis. No previous impairment loss was resulted from transactions with trade receivables.

Investments

The Group limits its exposure to credit risk by only investing in active and liquid securities. Management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group'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 Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Egyptian Pound.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

The Company's investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Interest rate risk

The Group adopts a policy of ensuring that the exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

Other market price risk

Equity price risk arises from equity instruments measured at fair value through other comprehensive income and management of the Group monitors the equity securities in its investment portfolio based on market indices.

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Parent Company.

The primary goal of the Group's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading investments because their performance is actively monitored, and they are managed on a fair value basis.

Capital management

The Group policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the period divided by total shareholders' equity, the Board of Directors also monitors the level of dividends to shareholders.

The Board of the Parent Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the period; the Parent Company is not subject to externally imposed capital requirements.

46- Financial instruments

Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the consolidated financial statements' date are as follows:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Other current assets	88 430 911	103 670 719
Financial assets at amortized cost	314 745 162	686 904 756
Trade & notes receivable	142 782 996	106 020 241
	<u>545 959 069</u>	<u>896 595 716</u>

The maximum exposure to credit risk for trade receivables at the consolidated financial statements date according to the type of customer are as follows:

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the consolidated financial statements (Cont.)****For the financial year ended December 31, 2022****All amounts are in US Dollars unless otherwise is mentioned**

	<u>31/12/2022</u>	<u>31/12/2021</u>
Governmental customers	49 539 793	35 821 859
Retail customers	5 314 722	6 643 452
Final consumers customers	57 705 061	38 443 707
Export customers	7 209 468	6 110 949
Notes receivable	23 013 952	19 000 274
	<u>142 782 996</u>	<u>106 020 241</u>

The aging of trade receivables at the consolidated financial statements' date are as follows:

	<u>31/12/2022</u>		<u>31/12/2021</u>	
	<u>Balance</u>	<u>Expected credit loss</u>	<u>Balance</u>	<u>Expected credit loss</u>
Past due within 30 days	20 654 178	-	30 287 998	-
Past due from 1-3 month	11 165 859	-	8 249 865	-
Past due from 3 months-1 year	110 317 654	(2 840 277)	66 163 950	(330 315)
More than one year	645 305	(645 305)	1 318 428	(1 318 428)
	<u>142 782 996</u>	<u>(3 485 582)</u>	<u>106 020 241</u>	<u>(1 648 743)</u>

Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2022

	<u>Due date</u>				
	<u>Carrying amount</u>	<u>During 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Loans & bank facilities	629 301 842	215 836 926	3 871 167	409 593 749	-
Suppliers, contractors, noted payables & other creditors	234 654 484	225 109 553	-	9 544 931	-
Accrued income tax	35 117 031	35 117 031	-	-	-
Insurance policyholders' rights	83 548 189	83 548 189	-	-	-
Lease liabilities	10 272 473	2 033 858	-	8 238 615	-
	<u>992 894 019</u>	<u>561 645 557</u>	<u>3 871 167</u>	<u>427 377 295</u>	<u>-</u>

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)

Translated

Notes to the consolidated financial statements (Cont.)

For the financial year ended December 31, 2022

All amounts are in US Dollars unless otherwise is mentioned

December 31, 2021

	Due date				
	Carrying amount	During 1 year	1-2 years	2-5 years	More than 5 years
Loans & bank facilities	701 124 220	245 695 333	236 859 917	145 723 472	72 845 498
Suppliers, contractors, noted payables & other creditors	239 961 755	236 074 994	-	3 886 761	-
Accrued income tax	55 927 852	55 927 852	-	-	-
Insurance	115 307 443	115 307 443	-	-	-
policyholders' rights					
Lease obligations	12 325 419	2 453 880	-	-	9 871 539
	1 124 646 689	689 915 943	236 859 917	149 610 233	82 717 037

Currency risk

Currency risk exposure

The Group exposure to foreign currency risk was as follows based on original currencies.

December 31, 2022

Description	USD	L.E	K.W. D	EURO	GBP	SAR	AED
Cash & cash equivalents	87 723 794	805 098 605	9 990	5 574 159	14 465	540 325	1 438 865
Assets and financial investments	-	8 061 932 508	-	-	-	-	-
Other current assets	-	1 500 155 952	-	141 075	94 272	-	5 776 515
Trade & notes receivable	6 664 022	1 637 526 100	-	626 054	-	-	10 872 017
Bank loans	(21 341 047)	(2 776 731 330)	-	(14 133 698)	(270 760)	-	-
Bank facilities	(5 693 489)	(751 204 913)	-	(7 408)	-	-	1 993 699
Suppliers, contractors, notes payable & other creditors	(6 179 297)	(2 740 048 343)	-	(9 327 622)	(24 925)	-	13 919 627
Insurance	-	(2 066 982 207)	-	-	-	-	-
policyholders' rights							
Net risk exposure	61 173 983	3 669 746 372	9 990	(17 127 440)	(186 948)	540 325	2 174 071

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

December 31, 2021

Description	USD	EGP	KWD	EUR	GBP	AED	JPY
Cash & cash equivalents	71 521 931	747 058 446	278	6 754 555	12 883	247 059	419
Assets and financial investments	162 125 252	11 206 086 573	-	-	-	-	-
Other current assets	388 285	1 302 350 099	-	232 531	-	5 514 612	-
Trade & notes receivable	7 521 958	766 336 954	-	963 316	-	11 160 697	-
Bank loans	-	(1 121 022 217)	-	(12 663 167)	(27 300)	(12 424 188)	-
Bank facilities	(475 500)	(1 287 754 041)	-	-	-	(1 355 408)	-
Suppliers, contractors, notes payable & other creditors	(68 352 910)	(4 086 478 716)	-	(7 141 441)	(5 757)	(34 642 604)	-
Insurance policyholders' rights	-	(1 811 479 930)	-	-	-	-	-
Net risk exposure	172 720 016	5 715 097 168	278	(11 854 206)	(20 174)	(31 499 832)	419

The following is the average exchange rates during the year:

US Dollar	Average exchange rate during the year		Spot rate at the financial statements date	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
L.E	19.26	15.70	24.74	15.71
K.W. D	0.3064	0.3018	0.3063	0.3021
EURO	0.94	0.8475	0.9521	0.8849
GBP	0.8313	0.7246	0.8127	0.7407
AED	3.6706	3.6725	3.36756	3.6725
SAR	3.7599	-	3.7544	-

Interest rate risk

The general interest rate structure for the Group's financial instruments at the date of the consolidated financial statements is shown as follows: -

	31/12/2022	31/12/2021
Financial liabilities at fixed rate	98 643 254	204 673 645
Financial liabilities at variable rate	530 658 588	496 450 575
	629 301 842	701 124 220

47- Capital commitments

Total capital commitments amounted to USD 16 469 463 as of December 31, 2022, is represented in the number of contributions in long-term investments and property, plant & equipment which have not been requested to be paid till the consolidated financial position date (year 2021: an amount of USD 27 348 825).

48- Contingent liabilities

In addition to amounts included in the consolidated statement of financial position, there are contingent liabilities represented in the following:

- Uncovered letters of credit amounting to USD 29 372 100 (year 2021: an amount of USD 9 205 369).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 31 387 835 (year 2021: an amount of USD 8 733 527).

49- Tax status**Corporate profit tax**

- The Company has a tax exemption for 5 years according to Investment Law No. 8 of 1997 and ended on December 31, 2003.
- Tax inspection for year 2009 was carried out and the resulted differences were settled.
- Years from 2010 to 2020, the preparation of inspection are currently under process.
- The annual tax returns for 2021,2022 were submitted on the due date according to the provisions of Law No. 91 of 2005.

Salary tax

- The tax inspection for salary tax for the period from inception till 2016 was carried out and the final assessment was determined and resulting differences were settled.
- Years from January 2017 till 2019 is under inspection.
- Period from 1/1/2020 to 12/31/2022, the withholding tax is paid monthly on the legal dates.

Stamp tax

- Inspection for the stamp tax from inception till 2016 was carried out and the final assessment was made, and the Company settled the resulting differences.
- Years 2017 till 2019 was carried out, notified and appeal was submitted.
- From 1/1/2020 to 12/31/2022, the tax due is paid on the legal dates.

Property tax

- The company has been notified by the accrued tax related to some properties owned by the company till 2021 and the survey of the Company's remaining properties has not been carried out.

50- Comparative figures

Some comparative figures of the consolidated statement of financial position and consolidated statement of changes in equity were restated as a result of what have been mentioned in detail in note No. (35). Items affected by restatement are as the follows:

Consolidated statement of financial position

102 482 440	Increasing other reserve balance
130 352 367	Decrease in retained earnings balance
344 745	Decrease in non-controlling interests balance
3 545 652	Increasing provisions balance
11 413 462	Decrease in financial assets at fair value through other comprehensive income.
13 255 558	Decrease in non-current assets held for sale.

Consolidated changes in equity statement

130 352 367	Decrease in retained earnings balance
344 745	Decrease in non-controlling interests balance
102 482 440	Increasing other reserve balance

51- Subsequent events

At the beginning of January 2023, the Central Bank of Egypt decided to announce a new application of the flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly the exchange rate of the US dollar began to rise against the Egyptian pound, which led to its increase from 24.74 Egyptian pounds to approximate 30 Egyptian pounds at the end of the day of January 11, 2023, and this increase in the exchange rate of the US dollar against the Egyptian pound will lead to an increase in the amount of gain from balance differences in foreign currencies during the fiscal year ending on December 31, 2022, From approximate USD 22.3 million to approximate USD 24.3 million, and increasing the balance of the translation differences reserve of the consolidated financial statements of changes in equity from USD 359 million to approximate USD 422 million

52- Significant accounting policies applied

The Group has consistently applied the following accounting policies during all financial periods presented in these consolidated financial statements.

52-1 Basis of consolidationBusiness combinations

- 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.
- Acquisition costs (Transaction costs) are expensed as incurred and services received, 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 between the acquirer and acquired entity. 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 remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights 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 controlled are included in the consolidated financial statements from the date that control on which control commences until the date that control ceases.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquirer's identifiable net acquired assets.

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

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other comprehensive income. Any resulting gain or loss is recognized in profit or loss. Any interests retained in the former subsidiary is measured at fair value when control is lost.

Equity – accounted investees

The Group's equity-accounted investees comprise interests in associates Companies and joint ventures.

And has no rights to the assets, and obligations for the liabilities, relating to an arrangement.

Associate Companies are companies in which the Group has significant influence over financial and operating policies but does not extend to be a control or a joint venture.

A joint venture is when the Group has rights only to the net assets of the arrangements.

Investments in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The cost of the investments includes transaction costs.

Subsequent measurement in the consolidated financial statements by increasing or decreasing the carrying value of the investment by the Group's share of the profit or loss and OCI items of the equity-accounted investees, until the date that significant influence ceases\ joint control is stopped.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of transferred asset value.

52-2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and adjustments arising on acquisition, are translated at the exchange rates at the reporting date. Revenues and expenses of foreign operations are translated into US Dollar at the exchange rates at dates of the transactions.

Foreign currency differences are recognized in OCI items and the accumulated balance in the translation differences reserve, excluding the translation differences allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated income statement.

52-3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows can be clearly distinguished from the rest of the Group, which:

- Represents a separate major line of business or geographic area of operations.
- Part of a single coordinated plan to dispose of a separate or geographic major line of business

Operations area or

- It is a subsidiary that has been acquired exclusively for the purpose of resale.

Classification of a discontinued operation is achieved upon disposal or when the operation meets the requirements for classification as held for sale, whichever is earlier.

When the operation is classified as a discontinued operation, the comparative figures in the statement of income and other comprehensive income are adjusted as if the operation had been disposed of from the beginning of the comparative year.

52-4 Revenue recognition

Revenue from contracts with customers is recognized by the group based on five step modules as identified in EAS No. 48:

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Group expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the

Group will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Group expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

The Group satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -

- Group performance does not arise any asset that has an alternative use of the Group and the Group has an enforceable right to pay for completed performance until the date.
- The Group arise or improves a customer-controlled asset when the asset is arise or improved.
- The customer receives and consumes the benefits of Group performance at the same time as soon as the group has performed.

For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Group satisfies performance obligation.

When the Group satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

Revenue is recognized to the extent that is potential for the flow of economic benefits to the Group, revenue and costs can be measured reliably, where appropriate.

The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

The Group should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Group estimated that, and based on the agreement with customers, the Group does not arise asset has alternative use to the Group and usually has an enforceable right to pay it for completed performance to the date.

In these circumstances, the Group recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

The Group has to determine the price of the transaction in its agreement with customers, using this judgement, the Group estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers

If the Group determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

Allocation of the transaction price of performance obligation in contracts with customers

The Group elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Group considers the use of the input method, which requires recognition of revenue based on the Group's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Group estimates efforts or inputs to satisfy a performance obligation, In addition to the cost of satisfying a contractual obligation with

customers, these estimates include the time spent on service contracts.

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Group shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Group estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

The Group shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

Revenue recognition

Sale of goods revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

Services revenue

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

Gas lines conversion revenue

Revenue is recognized when gas is delivered to the customer.

Gas distribution commissions revenue

Revenues from operation of network and gas distribution are recognized in the light of amounts distributed to customers and the agreed upon prices and in some areas, commission are recognized according to the actual commission, or the minimum take commission whichever is greater.

Sale of electricity revenue

Revenue is recognized when the service is completely rendered, and issuance of customers' electricity consumption invoices.

Rental income

Rental income is recognized on a straight-line basis over the lease term.

Gain on sale of investments

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

52-5 Employee benefits

Employees' pension

The Group contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Group's liability is confined to the amount of its contribution. Contributions are charged to the consolidated statement of profit or loss using the accrual basis of accounting.

Some Companies within the Group contribute to the Group Insurance plan for the benefit of their employees at an insurance Company. According to this plan, employees are granted end

of service benefit on retirement, death and full disability during the service years. End of service benefits are repayable by the insurance company. The Companies contribution is confined to the annual insurance premiums. The Group contributions are charged to the consolidated statement of profit or loss as they are incurred according to accrual basis of accounting.

52-6 Finance income and costs

The Group's finance income and finance costs include:

- Interest income.
- Interest expense.
- Dividends paid
- Net gain or loss on disposal of investments in debt securities measured at FVOCI
- Net gain or loss on financial assets at FVTPL.
- Foreign currency gains or losses from financial assets and financial liabilities. Impairment losses (and recoveries) on investments in debt securities carried at amortized cost or other comprehensive income.
- Loss of the fair value of the contingent consideration classified as a financial liability.
- Ineffective hedge recognized in profit or loss. And
- Reclassification of net gains and losses previously recognized in other comprehensive income on cash flow hedges of interest rate risk and foreign currency risk

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

52-7 Income tax

The Group has determined that interest and penalties related to income taxes, including uncertain tax liabilities, do not meet the definition of income taxes and are therefore accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current income tax

Current taxes for the current and prior periods which have not yet been paid are recognized as a liability. If the taxes were actually paid in the current and prior periods exceed the amount due for these periods, then this increase is recognized as an asset. The value of current tax liabilities (assets) for the current and prior periods are measured by the value expected to be paid to (recovered from) the tax authority. Using the applicable tax rates (and effective tax laws) or in the process of being issued on the financial period ended. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation

purposes. Deferred tax is recognized for all temporary differences that are expected to be taxed except for the following:

- Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profits or losses.
- Temporary differences relating to investments in subsidiaries, associates, and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits that allows for the deferred tax asset to be absorbed.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

52-8 Basic / diluted earnings per share of profit

Basic / diluted earnings per share of profit is calculated by dividing the profit attributable to ordinary shareholders of the Company (After excluding the employees' profit share and the remuneration of the Board of Directors members) by the weighted average number of ordinary shares outstanding during the period.

52-9 The General Authority for Investment and Free Zones (GAFI) fees

For the Group Companies which established under the provisions of the Investment law and according to the Free Zone System, their profits are not subject to income tax. However, according to the Investment Law, a charge of 1% of the total revenues of these Companies is due to the General Authority for investment and is calculated and charged on the consolidated income statement according to the accrual basis.

52-10 Property, plant & equipment & Depreciation

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property and equipment is recognized in consolidated statement of income.

Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Notes to the consolidated financial statements (Cont.)

For the financial year ended December 31, 2022

All amounts are in US Dollars unless otherwise is mentioned

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives for each type of property, plant and equipment, and is generally recognized in consolidated statement of income and other comprehensive income. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Asset</u>	<u>Years</u>
Buildings & constructions	20–56 or according to lease term, which is lower
Vehicles and transportation	4 – 10
Furniture & office equipment	2 – 10
Machinery & equipment	3 – 20
Tools & supplies	5
Stations, generators & electric transformers	10
Computer, software and Decorations	3 – 6.67
Leasehold improvements	Over the lower of lease term or estimated useful life which is lower
Irrigation network	2-20

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the assets to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

52-11 Exploration and development assets

The Company applies the (successful efforts) method in relation to capitalization of expenditures. As follows:

Direct expenses incurred in carrying out geological and geophysical in the field and all costs relating to these investigations are charged to income statement.

All exploration acquisition costs are capitalized, which includes the consideration of the acquisition in addition to any future expenditures that the company pay on behalf of the farm out party regarding to this acquisition.

Exploration drilling cost and cost of drilling an exploration well are initially capitalized pending determination whether or not the well contains proven reserves.

If proven reserves are found, the cost of the well is transferred to production wells and depleted using the “unit of production” method.

If proven reserves are not discovered the capitalized drilling costs are charged to income statement.

All development and production drilling costs which include drilling and development costs are capitalized and are recognized among the cost of developing the proven reserve.

Dry development wells are capitalized and remain part of the development costs of the production reservoir.

Development wells are depleted when starting production.

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

Projects under construction are transferred to its related caption when they are completed and are ready for their intended use.

The exploration and development assets depletion rate is determined according to the production during the financial period as follows:

<u>Description</u>	<u>Depletion basis</u>
Productive wells	Depletion rate is determined based on the percentage of the actual production volume during the period to the volume of developed proven reserve.
Upstream Facilities	Depletion rate is determined based on percentage of the actual production volume during the period to the volume of proven reserve.
Pipelines	Depletion rate is determined based on percentage of the actual production volume during the period to the volume of proven reserve.

52-12 Intangible assets

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries. Goodwill is measured at cost less any accumulated impairment losses. Impairment of goodwill is not reversed subsequently. In case of gain on bargain purchase it is directly recognized immediately in the income statement.

Research and development

Expenditure on research activities is recognized as expense when incurred.

Development expenditure is capitalized only if the expenditure attributable to the intangible asset during the development period can be measured reliably, a technical feasibility study is available to complete the intangible asset, making it available for sale or to use, future economic benefits are probable from the intangible asset, and the availability of sufficient technical, financial, and other resources to complete development and to use or sell the intangible asset. Intent availability to complete the intangible asset to use or sell, the ability to use or sell the intangible asset. Otherwise, it is recognized as expense when incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets

Other intangible assets are recognized, including deferred income expenditures, the right to use, other assets in which they have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditures

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits which relates to research and development projects under implementation that recognized as an intangible asset. All other expenditures including expenditure on internally generated goodwill and brands are expensed as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of income. Goodwill is not amortized.

52-13 Biological assets

Biological assets are recognized at cost less accumulated depreciation and impairment losses of the asset value.

52-14 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is based on the moving average principle and cost includes expenditure incurred in acquiring the inventories and bringing it to its existing location and condition. Cost of finished goods and work in process inventories includes an appropriate share of production overheads.

52-15 Works in progress

All expenditures directly attributable to works in process are included in work in process account till the completion of these works. They are transferred to completed residential units ready for sale caption when they are completed. Work in process are stated at the balance sheet date at lower of cost and net realizable value. It includes all direct costs that related to preparation of units to sell it and in the assigned purpose.

52-16 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

52-17 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, "cash & cash equivalents" comprises cash at banks & on hand, time deposits with maturities of three months or less, also treasury bills due within three months, and bank overdrafts deducted.

52-18 Financial instruments

1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group

changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets .
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3)Derecognition**Financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4)Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

52-19 Financial Derivatives and Hedge Accounting

The Group holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge against the variability in cash flows associated with forecast transactions with a high probability resulting from changes in foreign exchange rates and interest rates and some derivatives and non-derivative financial liabilities as a hedge of foreign exchange risk on a net investment in a foreign operation.

52-20 Share capital**Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares are recognized as a

deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24 "Income Tax".

Repurchase and re-issue of ordinary share (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

52-21 Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 120 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2)Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, 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 CGUs. 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 amortization, if no impairment loss had been recognized in the previous years.

52-22 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the carrying amount of the provision resulting from the use of the discount to figure out the present value, which reflects the passage of time, is recognized as a finance cost.

52-23 Lease contracts

1-Determining whether the arrangement contains a lease contract or not

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

Initially or when evaluating any arrangement that contains a contract lease, the Group separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Group concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled, and the finance cost calculated on the obligation is recognized using the Group's additional borrowing rate.

2-Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Group, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Group's statement of financial position.

3-Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

4-Lessor books

When the Group acts as a lessor, it determines at the inception of the lease whether each lease is or not a lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease has been transferred substantially all the risk and reward incidental to ownership of the underlying asset. If so, the lease is an indirect lease; If not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is in place for the principal part of the economic age of the asset.

Where the Group is an intermediate lessor, it accounts for its share of the main lease and sublease separately. It assesses the classification of a sublease with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If the lease is a short-term lease for which the Group applies the above exemption, then the sublease is classified as an operating lease. If the arrangement contains lease and non-lease components, the Group applies IFRS 15 to the consideration allocation in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group also regularly reviews the unsecured estimates of the residual values used in calculating the total investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

52-24 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, the share equity-accounted investees, and income taxes.

52-25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an

appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

52-26 Insurance activity policies

Insurance activity revenue

Revenues from long-term insurance policies are fully recognized in the consolidated statement of income after excluding a percentage of 100% of the premiums value belonging to the following financial years after deducting the percentage of such years from the production commission with a percentage that must not exceed 20% of the premium value.

Revenues related to the incoming reinsurance agreements, whose accounts have not completed a whole insurance year yet, shall be deferred in addition to other extraordinary or discretionary cases in which certain deferred accounts are not completed for the years subsequent to the financial position year. Such revenues are recorded under the liabilities in the statement of financial position till the completion of the insurance year of such accounts.

Net income from Investment- insurance activity

Net income from investment is allocated as follows:

- Return on investment of funds designated for the rights of policyholders shall be recorded in the consolidated statement of income of each insurance branch, (properties – individuals branches) at the percentage of average technical provisions for each insurance branch to total technical provisions, during the financial year.
- The return on free fund investments shall be recorded in the statements of income.

Accounts receivable from insurances

Accounts receivable from insurances are recorded either in the form of premium under collection or current accounts belonging to the insured persons at amortized cost represented in the carrying amount of such accounts less the accumulated impairment losses.

Debts are written off as a deducted amount charged to the accumulated impairment losses of the accounts receivable from insurance, while adding cash receipts from debts previously written off thereto.

Insurance and reinsurance companies (Debit balances)

The accounts of the insurance and reinsurance companies are recorded at the amortized cost represented in the carrying amount of such accounts less accumulated impairment losses.

Debts are written off as a deducted amount charged to the accumulated impairment losses of the insurance and reinsurance companies, while adding cash receipts from debts previously written off thereto.

Technical provisions for Insurance on individuals and fund formation

a) Mathematical reserve

The mathematical reserve of each of the insurance on individuals and the formation of funds are formed at the date of each financial position by the actuary in accordance with the technical basics provided by the Board of Directors of the Egyptian Financial Supervisory Authority (EFSA), in addition to the share of each policy in the increase (decrease) in the capital value of insurance premiums invested in the investment portfolios in favor of the policyholders.

b) Provision for outstanding claims

This provision is formed by the number of claims related to casualties reported before the year end and still valid at the date of the financial position.

Technical provisions for properties and liabilities insurances

a) Provision for unearned premium

A provision for unearned premium is formed to meet the Company's liabilities resulting from insurances issued before the end of the financial year and still valid thereafter.

The unearned provision is equal to the sum of multiplying net premiums of the branch whose loss rate exceeds (100%) x50% of the actual loss rate for the year presented pertaining to all branches except for transportation branches, where this percentage equals 25%. The application of this rule is limited to annual premiums while excluding the long-term ones, taking into consideration that the provision, after the recalculation, shall not exceed the net premiums of the branches after revaluating and deducting the non-recurring significant accidents for which the Company prepares a statement to be approved by the Egyptian Financial Supervisory Authority (EFSA). This rule applies to all branches carrying out properties and liabilities insurances, except for obligatory motor insurance branch.

b) Provisions for outstanding claims

A provision for outstanding claims is separately formed for each insurance branch to cover the claims incurred from accidents reported before the financial year-end and still exist at the financial position date, as well as the accidents that might have occurred and not reported till the financial position date.

c) Provisions for retrograded fluctuations

A provision for retrograded fluctuations is formed to cover any contingent losses especially as a result of losses that may arise from natural hazards and risks of riots and vandalism in accordance with the rules stipulated in the executive regulations of Law No. 10 for the year 1981.

Credit balances of insurance and reinsurance companies

The credit balances of insurance and reinsurance companies are recognized at fair value. These balances are represented in the current accounts balances of insurance and reinsurance companies, credit balances of reinsurance agreements and retained provisions from reinsurers at the date of the financial statements.

Allocation of general and administrative expenses – insurance activity

Direct general and administrative expenses including salaries, wages and other direct expenses of insurance branches are charged to the accounts of revenues and expenses of the general insurance branches. While indirect expenses are distributed at the percentage of 90% as indirect general and administrative expenses and 10% as indirect investment expenses. Then the 90% is distributed one third of these expenses by direct wages and two third of these expenses are distributed by direct premiums after excluding 50% of the indirect expenses of the company's branches and charging them to production costs.

Production costs - insurance activity

The indirect production costs shall be distributed at the percentage of the due and paid commissions and allowance of each branch of the insurance branches after adding 50% of the indirect expenses of the company's branches and charging them to the production costs.

Insurance activity risks

Regulatory framework of the Risk Management Department

The objective of the Company's Risk Management Department and Financial Management Department is to protect the Company's shareholders from events that impede the achievement of financial performance objectives, including failure to take advantage of opportunities. Risk Management Department also works on protecting the rights of policyholders by ensuring that

all commitments towards policyholders are met in accordance with the methods in practice. Top management recognizes the necessity to have effective and efficient risk management systems.

Insurance risk

The risk of insurance contracts is represented in the possibility of the occurrence of the insured event resulting in a financial claim as indicated in the insurance contracts; bearing in mind that such risks are random and unpredictable. The risks facing the Company is the occurrence of the insured risk and the volume of the recorded claim.

The Company carries out insurance activities for individuals - insurance on liabilities and properties in all various branches.

- All forms of insurance for individuals.
- Temporary life insurance.
- Life insurance with profit sharing.

In addition to the abovementioned, there are additional insurance coverage to be added to each type in return for an additional premium at the request of the client.

Technical bases used in estimating the mathematical reserve

First: Used Life Table

Life and death rates of table A 49/52 ULT, taking into account using the premiums calculated on the basis of the life table A 67/70 ULT for the contracts that the Authority stipulated when approving them, while the remaining bases used in pricing shall remain constant.

Partial disability and permanent total disability: reinsurance rates.

Second: Used Interest Rates

Collective Contracts

Vary depending on the benefits of each collective contract, however, the interest rate does not exceed 8% according to the instructions of the Authority.

Individual Contracts

An interest rate of 4.25% is used for all individual insurance policies except the "Aman al-Tool" pension insurance policy, a 6% interest rate is used, that represents the same rates used to calculate the present value of the profits in case of insurance policies with profit sharing.

The assumptions related to the insurance policies issued in foreign currencies.

Maximum rates allowed to be used are 3%.

Third: Methods used to calculate reserves

Forward-looking method is used in the endowment life insurance and temporary contracts while the unearned premium method is used for the temporary contracts whose term is less than five years.

For the policies related to investment units, the reserve value is calculated as follows:

For the portion of protection: total annual net risk premiums based on life table A 49/52 ULT.

For the portion of investment: total investment balances with respect to the customers up to the date of valuation.

Fourth: Assumptions regarding wage scale

The client will provide us with the percentage of the increase in wages and we calculate the reserve in this case using the interest rate that is equivalent to the difference between the percentage of the increase required by the customer and the annual interest rate; taking into consideration the maximum authorized interest rate according to the instructions of the Authority.

Fifth: Amounts charged to administrative expenses

As for individual operations: according to the specifications of each policy approved by the Authority.

As for collective transactions: the amounts charged with respect to the administrative expenses of each collective contract shall be sent prior to issuance and shall be approved by the Authority. These rates are to be taken into account when estimating the reserve of collective contracts.

The main risks the Company faces are as follows:

- Mortality rates risk - risk of loss due to the discrepancy between the mortality rates of the policyholders and the expected rates.
- Risk of morbidity rates - risk of loss due to the discrepancy between morbidity rates among policyholders and the expected rates.
- Age risk - the risk of loss due to the age of the pensioner as he may live for a longer period than what was expected.
- Return on investment risk - risk of loss due to discrepancy between the actual expenses and the expected rates.
- Risk of decisions taken by the policyholder - risk of loss due to the different behavior of policyholders (cancellation and liquidation rates) than what was expected.

Regarding the property and liability insurance, the Company practices activities that encompass various insurance branches (fire, marine, automotive , engineering, petroleum, medical treatment, hazards ...), and studies the inherent risks that include the risk of recurrence or concentration in the insurance claims of large amounts of compensation as well as the geographical concentration within each insurance branch on a case by case basis while taking into account the relative volume of the branch's operations in proportion with the total activity of the Company and trying to maintain a balance with respect to the Company's subscription portfolio.

In order to reduce the insurance risk, the Company lays down the subscription and retention policies and the limits of the powers and authorities in addition to the subscription powers that determine the authorized and responsible persons for the completion of the execution of the insurance and reinsurance contracts. The implementation of these instructions are periodically reviewed and the developments that take place in the market are followed up accurately and the necessary measures are taken to reflect them in the subscription instructions if required.

The Company also uses reinsurance to manage insurance risk by entering into proportional and non-proportional agreements with third parties for reinsurance purposes.

Reinsurance activity risks

As customarily applied in the other insurance companies and in order to limit the risk of encountering loss arising from insurance claims of large amounts, the Company engage into reinsurance agreements with other parties. These reinsurance contracts allow greater diversification in the business field and enable management to monitor the possibility of

encountering loss due to significant risks and provide additional growth potential. However, this procedure does not relieve the Company of its obligations towards its insured parties, and the Company shall remain liable to its policyholders for the reinsured part of the compensation under settlement in case the reinsurers fail to comply with their obligations under the reinsurance contract and therefore the credit risk shall remain-with respect to reinsurance -to the extent that any reinsurer is unable to settle his obligations.

To limit the probability of being exposed to huge losses as a result of the default of re-insurances. The Company evaluates the credit worthiness of its reinsurers in addition monitoring the concentration of the credit risks, both on a periodic basis.

The Company re-insure only those parties with good credit ratings. As their credit ratings are reviewed on a periodical basis.

53-Segment reporting

A segment is a group of related assets and operations that have a different risks and benefits from that of other sectors or within a single economic environment characterized by its own risks and benefits from those related to sectors operating in a different economic environment.

Segment information is presented in respect of the Group's business and geographical segments. The primary format of business segments is based on the Group management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Business segments

The Group comprises the following main business segments:

- Energy sector.
- Chemicals & Fertilizers sector.
- Insurance sector.
- Wood Processing sector.
- Other operations.

Other operations include the communications, geographical maps, agencies, cooling technology by natural gas, insurance activity and investment activity.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial year ended December 31, 2022
All amounts are in US Dollars unless otherwise is mentioned

Translated

Continued Segment Report

54-Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards (EASs) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

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

The significant judgements made by management in applying the Group's accounting policies was as following

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Determine if the arrangement includes a lease.
- Lease contracts classification.

Use of estimates and assumptions

The Group assess future estimates and assumptions, the resulting accounting estimates are rarely equal to the relevant actual results. Below are the estimates and assumptions that are subject to significant risks which may causes a significant adjustment to the carrying amounts of assets and liabilities during the following financial year.

Impairment of non-financial assets

The Group evaluates the asset at the date of the financial reporting, if there is an indication that the asset value has decreased. If any indication is found, the Group evaluates the collectable amount of the asset, the collectable amount of the asset is the asset fair value less cost of sale or its used value which is higher. When evaluating the used value, the estimated future cash flows of the asset are discounted to its present value using a discount rate reflects current market valuation of the time value of money and the risks specific to the asset. When determining the fair value deducted by the costs of sale, recent market transactions are considered.

If the collectable amount of the asset is estimated to be less than its carrying amount, the asset carrying amount is reduced to its collectable amount, the impairment loss is recognized directly in the income statement.

If the impairment loss is subsequently reversed, the asset carrying amount is increased to the adjusted value of the collectable amount, but only to the extent the carrying amount do not exceed the carrying amount that could have been determined in the absence of an impairment loss of the carrying amount of the asset in previous years, The reversed impairment loss is recognized directly in the income statement.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements (Cont.) for the financial year ended December 31, 2022

All numbers are in US Dollars

53- Segment reporting (Cont.)

	Energy sector		Chemicals & fertilizers sector		Insurance sector		Wood processing sector		Other operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues	290 468 999	245 342 234	692 946 391	451 768 224	61 380 008	66 221 209	-	168 064	8 471 584	3 813 761	1 053 267 382	767 513 492
Net operating loss	133 407 975	80 294 987	313 514 266	138 408 580	22 924 606	19 788 677	(2 680 389)	(2 990 973)	(1 642 112)	64 063 377	465 524 346	299 564 648
Financing expenses	(6 733 291)	(6 927 471)	(4 496 104)	(4 917 253)	-	-	(362 764)	374 403	(25 338 683)	(14 020 386)	(36 930 842)	(25 490 707)
Interest income	1 981 260	1 226 556	5 821 348	1 896 846	418 271	116 612	146 175	564 191	1 005 053	894 311	9 372 107	4 698 516
Company's share of profit of equity - accounted investees (associates Companies)	-	-	-	-	(116)	(143 303)	-	-	2 164 693	1 647 984	2 164 577	1 504 681
Net profit (loss) for the year before income tax	126 428 623	74 661 164	323 024 816	142 305 064	23 261 101	19 767 713	(5 137 989)	(2 034 785)	(13 979 919)	48 285 806	454 396 632	282 984 962
Income tax	(13 506 873)	(14 073 567)	(74 402 133)	(40 015 441)	(4 319 017)	(13 307 243)	(70 363)	(90 318)	(15 613)	10 187 478	(92 313 999)	(57 299 091)
Net profit (loss) for the year before income tax	112 921 751	65 829 678	249 422 683	102 289 623	18 942 083	17 007 032	(5 208 353)	(2 125 103)	(13 995 531)	42 684 641	362 082 633	225 685 871
Total assets	634 058 852	703 674 490	946 552 851	804 028 140	150 911 870	191 825 725	71 427 871	83 294 142	157 329 652	358 185 589	1 960 281 096	2 141 008 086
Equity - accounted investees (associates Companies)	-	-	-	-	329 711	500 010	-	-	20 491 371	18 546 476	20 821 082	19 046 486
Total liabilities	459 181 927	527 566 948	185 570 789	189 181 059	107 035 148	137 561 179	44 418 399	48 112 839	321 011 038	353 357 759	1 117 217 301	1 255 779 784
Depreciation & amortization	(36 645 822)	(25 773 011)	(20 643 905)	(20 714 499)	(120 416)	(198 749)	(836 199)	(189 240)	(747 210)	(574 921)	(58 993 552)	(47 450 420)

Expected credit losses provision for commercial customers

The Group uses provision record to calculate expected credit losses for commercial customers, the provision rates are based on the customer Company's delay days.

The provision record is initially based on the observed historical Group default rates, the Group calculates the matrix accurately to adjust the historical credit loss experiment with forward-looking information. For example, if the expected economic conditions (i.e. GDP and the overall inflation rate) are expected to deteriorate over the next year, which may increase the number of defaults in the industrial sector, the historical default rates are adjusted. At each reporting date, the historical default rates are updated and observed and changes in future-oriented estimates are analyzed.

The assessment of the relationship between the historical default rates that are observed, the expected economic conditions and the expected credit losses is a significant estimate. The experiment of the historical credit loss and expectations of the Group's economic conditions may not represent the actual default of the customer's payment in the future.

Provisions

Provisions are recognized when the Group has legal or constructive obligation from past event, and settlement of obligations is probable, and its value can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation, when the provision is measured using the estimated cash flows to settle the current obligation, its carrying amount is the present value of those cash flows.

In the event that some or all of the economic benefits required are recoverable settle the provision from a third party, the amount due is recognized as an asset if it is certain to be recovered and can be measured in a reliable manner.

Useful life of fixed assets

The Group management determines the estimated productive life of the fixed assets for the purpose of calculating depreciation, which is calculated after consideration of the expected use of the asset or actual aging. The department regularly reviews estimated productive ages at least annually and the method of depreciation to ensure that the method and time of depreciation are agreed with the expected pattern of economic benefits of assets.

Lease contracts – estimation of the additional borrowing rate

The Group cannot easily determine the implied interest rate in the contract lease, and therefore uses the additional borrowing rate to measure the lease obligations. The additional borrowing rate is the interest rate that the group must pay to assume the necessary financing over a similar period and with a similar guarantee to obtain an asset with the same value as the "right of use" in a similar economic environment. Therefore, the additional borrowing rate reflects what the group "must pay", which requires an estimation when there are no declared rates or when it needs to be modified to

Allowance for slow moving and obsolete inventories

Inventory is stated at the lower of cost or net realizable value. When inventory becomes old or obsolete, an estimate is made of net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of age or obsolescence of the inventory.

Estimating the net realizable value of the work in progress

Plots of land held for development and properties classified as work-in-progress are stated at cost or net realizable value, whichever is lower. Net realizable value is evaluated with reference to selling prices, costs of completion, advance payments received, development plans and market conditions existing at the end of the financial year. For some properties, net present value is determined by the Group based on appropriate external indicators and considering recent market transactions, when applicable. Available on appropriate external indicators and considering recent market transactions, when available.

Net realizable value in respect of work-in-progress is assessed with reference to market prices at the reporting date for similar completed properties, net of the estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material.