EZZ STEEL REPORTS CONSOLIDATED FY22 RESULTS

Cairo, 2 April 2023 – Ezz Steel (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region and market leader in Egypt, today announced its consolidated results for the period ending 31 December 2022. The audited results have been prepared in accordance with Egyptian Accounting Standards.

Key Highlights

EGP Mn

	FY22	FY21
Net sales	**83,984**	**67,819**
Gross profit	**18,778**	**13,770**
Net profit before tax*	**8,926**	**7,171**
Net profit**	**6,647**	**5,397**
Earnings per share (EPS)**	7.98	6.61

* After allowing for an FX loss of EGP 3,472mn.

** Net profit does not include the related FX losses achieved in 1Q23 amounting to EGP 5.281 bn. for the period from 1/1/2023 till 1/3/2023 according the company's disclosure to EGX and LSE on 1/3/2023.

*** EPS = Net profit after tax & Minority Interest / No. of shares at the end of the period, for the three months period ending 31 December 2022.

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Comment

Commenting on the results, the board issued the following notes to the shareholders:

- Sales amounted to EGP 83,984 million in 2022 compared to EGP 67,819 million in 2021 (24% increase). Rebar sales accounted for 61% of total sales, and hot rolled (HRC) flat steel sales accounted for 38%.
- Export sales amounted to $797 million in 2022, of which sales of HRC amounted to $639 million, and sales of steel coils and rebars amounted to $157 million. Exports in 2021 amounted to $1,291 million, of which HRC sales for $1,079 million and of steel coils and reinforcing steel sales for $212 million. The decrease in exports was due to directing more quantities to meet the growing domestic consumption and also to the normalization in HRC price levels.
- As a result of lack of liquidity in foreign currencies in the banking sector, it has become vital for industrial companies to maximize their exports to cover their import requirements. Starting from 4Q22, the company shifted towards increasing exports gradually once again in order to secure the foreign currency needed for importing raw materials and consumables. The company took advantage of its active client network in more than 25 countries to achieve its goal -not only in HRC, but also in rebars.
- Foreign Exchange Loss amounted to EGP 3,472 million in 2022, in addition to EGP 994 million of losses related to financing fixed assets, which were capitalized in accordance with the accounting standards. The Egyptian pound had lost about 17% against the US dollar in March 2022, then another 5% drop in 3Q22; on October 27, 2022, CBE announced a shift towards a flexible exchange rate, again resulting in further devaluation: the Egyptian Pound continues to be in a downward trend.
- Net profit before taxes amounted to EGP 8,926 million in 2022, compared to EGP 7,171 million in 2021. Income tax amounted to EGP 2,484 million, and deferred tax (asset) EGP 206 million.
- Net profit after tax amounted to EGP 6,647 million in 2022, compared to EGP 5,397 million in 2021 (23% increase). It is important to clarify that the full impact of FX losses in 2022 is beyond what was posted in the profit and loss account (or capitalized on fixed assets) from an accounting perspective. The company incurred additional forex losses the impact of which will appear in 1Q23, given that the official price of the US dollar was EGP 24.8 at the closing of 2022, and then starting January it ascended to reach EGP 29.6 by January 15, 2023 (and increased gradually after that). Accordingly, the company disclosed to the Egyptian Stock Exchange in March 2023 that currency losses for the period from 1/1/2023 to 1/3/2023 amounted to EGP 5.281 bn.
- Globally, central banks increased interest rates to contain inflation. In the United States (where the US Federal Reserve set the fiscal policy) interest rates rose from 0.25% at the beginning of the year to 4.5% at year end. In Egypt, the Corridor rate, which is regulated by the Central Bank of Egypt (CBE), increased from 9.25% at the beginning of 2022 to 17.25% at the end of the year (the “Lending Rate”).

Furthermore, In November 2022 the Prime Minister resolved to cancel the interest rate initiative which had been in effect since March 2020 to support industry at 8%. With the expiry of most of the 8% interest rate facilities, the larger effect of an elevated interest rate environment will begin to impact the income statement starting from 1Q23.

- According to World Steel Association statistics, global crude steel production decreased by 3.9% in 2022 to reach 1,885 million tonnes, from 1,962 million tonnes in 2021. This stems largely from a 1.7% decrease in China's production (which accounts for 54% of the world's figures), due to extended shutdowns to avoid another outspread of COVID, constraining the Real Estate sector, along with more concern for the environment. It is noted that China is reconsidering these procedures. Global production in general has also been impacted of war between Russia and Ukraine, the increase in the cost of energy and the inflation that emerged at the end of Covid and its restrictive measures. the production of the European Union decreased by 10.8%, North America by 5.5%, and Russia and Ukraine by 20%. But on the other hand, Middle East production rose 6.6%.
- Domestic consumption of rebars increased 8% to reach 7,895 million tonnes in FY22 compared to 7,344 million tonnes in FY21. Private building consumption had witnessed good growth; however, high inflation rates is posing limitations on such consumption. In 4Q22 consumption was 1,905 million tonnes 10% below 3Q22 (2,107 million tonnes).
- The company's local sales of rebars increased by 15% from 2,659 thousand tons in 2021 to 3,058 thousand tons in 2022. High tensile steel of the rank (B500DWR), with its superior qualities and proven savings, continues to top the demand among consumers. Towards the end of the year, in line with the decline in local consumption, local rebars sales dropped in 4Q22 to 743 thousand tonnes by 20% compared to 3Q22 (918 thousand tonnes).
- Local HRC consumption increased to reach 1,655 thousand tonnes in FY22, 10% above the 1,508 thousand tonnes of FY21. The most important consuming segments are steel pipes and cold rolling, while the largest growth was in steel structures, and steel pipes. Worth mentioning that consumption of HRC in Egypt increased with a very good rates starting 2018; since then the average compounded annual growth rate (CAGR) reached 10.8% compensating for the limited growth for over a decade before that. Ezz Steel product remains the first choice for local downstream industries based on HRC -for its high quality, company-customer stable relation, in addition to imports decline coupled with Egyptian Pound devaluation.
- The company's domestic sales of HRC in 2022 increased to 1,127 thousand tons, up 24% over 2021 (906 thousand tons).

About Ezz Steel

Ezz Steel is the largest steel producer in the Arab World and North Africa according to the World Top Steel Makers for 2020 published by World Steel Association (WSA). The Company is the Egyptian market leader with a total capacity of 7 million tonnes of finished steel products per annum. Ezz Steel was established on 2/4/1994 as an Egyptian joint stock company in accordance with the provisions of Law No. 159 for the year 1981.

In 2022, the Company produced 3.3 million tonnes of long products (typically used in construction) and 1.8 million tonnes of flat products (typically used in engineering industries, automotive, steel pipes and consumer products). Ezz Steel deploys the latest in modern steel-making technology and is committed to further increasing vertical integration across its plants, boosting operational flexibility.

Operational Review

All of the below financial breakdowns are based on Ezz Steel's consolidated financials, which include the consolidated financial performance of EZDK. Following the latter's acquisition of EFS/ERM, both are full subsidiaries of EZDK.

Sales

Consolidated net sales for FY22 were EGP 83,984 million compared to EGP 67,819 million in FY21, representing a 24% increase.

EGPMn*	**Ezz Steel Standalone**	**EZDK Consolidated**	**Ezz Steel Consolidated**
Long	14,402	36,434	**50,836**
Flat	-	32,062	**32,062**
Others	-	1,086	**1,086**
Total	**14,402**	**69,582**	**83,984**

*After the elimination of intercompany transactions.

Long steel products accounted for EGP 50.84 billion, or 61% of sales in FY22, while flat steel products represented 38% of sales at EGP 32.06 billion. Flat product exports accounted for 38% of total flat sales.

Sales Value ***EGPMn***	**Domestic**	**%**	**Export**	**%**
Long	47,718	94%	3,118	6%
Flat	19,886	62%	12,176	38%

Long sales volume increased 11% to reach 3.25 million tonnes during FY22 compared to 2.94 million tonnes during FY21. Flat sales volume decreased 9% to reach 1.82 million tonnes.

The group's consolidated sales volumes totalled 5.07 million tonnes in FY22 compared to 4.93 million tonnes in FY21, an increase of 3%.

Production

Long steel production volumes totalled 3.27 million tonnes during FY22 compared to 2.90 million tonnes in FY21, an increase of 13%. Flat steel production volumes decreased 13% to reach 1.79 thousand tonnes in FY22 compared to 2.05 million tonnes in FY21.

Cost of Goods Sold

Consolidated Cost of Goods Sold for FY22 represented 78% of sales compared to 80% in FY21. Consequently, gross profit margin increased to reach 22% in FY22 compared to 20% in FY21.

EGPMn*	**ESR Standalone**	**EZDK Consolidated**	**Ezz Steel Consolidated**
Sales	14,402	69,582	83,984
COGS	12,770	52,436	65,206
COGS/Sales	**89%**	**75%**	**78%**

*After the elimination of intercompany transactions

Gross profit

Gross profit of EGP 18.78 billion was recorded for FY22 for Ezz Steel consolidated, a 36% increase compared to the EGP 13.77 billion recorded in FY21.

EBITDA

Consolidated EBITDA for FY22 amounted to EGP 16.8 billion, a 43% increase compared to the EGP 11.8 billion recorded in FY21.

Foreign Exchange Loss

The devaluation of the Egyptian Pound resulted in an unrealized foreign exchange loss of EGP 3,472 million.

Tax

During FY22, Ezz Steel had an income tax of EGP 2,484 million and a deferred tax of EGP 206 million.

Net profit

Net profit reached EGP 6.6 billion in FY22, compared to EGP 5.4 billion in FY21

Net profit after minority interests

Net result after tax and minority interests recorded a profit of EGP 4,252 million for FY22 compared to EGP 3,521 million in FY21.

Liquidity and capital resources

At the end of the period, Ezz Steel had cash on hand of EGP 13.2 billion and net debt of EGP 19.9 billion.

Outlook

- Industry experts forecast that world consumption in 2023 would maintain the same level as 2022 (1,885 million tonnes). Initial forecasts indicated that the market would start regaining its strength and could witness limited growth. However, world inflation is affecting consumption negatively, especially in the United States, Europe and Japan. Naturally, the Russian Ukrainian conflict is affecting the consumption of both countries. Balancing this, is 4% expected growth in Chinese consumption in 2023. It is also noted that Turkey plans to consume considerably higher quantities needed for the reconstruction of the misfortunate areas hit by the earthquake of February 2023.
- Consumption in Egypt started to suffer from high inflation and price increase as a consequence of the Egyptian Pound devaluing to foreign currencies. In view of this, local rebar and flat steel consumption estimate has been revised downwards to a drop of - initially- 10% below its level in 2022. It is worth noting that the reduction in market size to a relatively low level following currency devaluation is usually temporary. This is exactly what happened in 2017 after the first floating of the Egyptian Pound before the end of 2016. Development in market consumption will be closely followed and reviewed periodically.
- Interest rate levels continue to increase globally and locally in an effort to contain inflation. The US Fed's most recent increase has been 0.25% in March 2023 (9^{th} increase in a row); now interest rate in USA ranges between 4.75 % and 5%. Although the possibility of further increases remain, however, the negative effect on the banking sector -three banks already went bankrupt- and on economic activities, might deter decisions to pass new increases. In Egypt, the Central Bank of Egypt (CBE) lifted the rates several times since the beginning of 2022. Most recently, on 30 March 2023, interest rates were pushed up again: the Lending Rate increased from 17.25% to 19.25%. Undoubtedly, this exceptionally high level of interest rates, coupled with cancelling the 8% low interest rate facilities initiative to industry, constitute a huge burden on manufacturers and consumers alike.
- Egyptian companies capable to export -among the most important of which is Ezz Steel- are committed to maximize their exports to support the national economy. In order to shrink the gap, which has recently expanded, between the State's forex sources and applications, exporting companies resort to export quantities the proceeds of which cover at least its imports of raw materials and consumables. This is of utmost importance to maintain same level of production. In this context Ezz Steel increased the percentage of its exports of flat steel and of rebars. Such elevated active export orientation comes contemporaneous with the start-up of the second melt shop of EFS (in April 2023). Ramp-up in production form the new unit would enable the company to achieve its ambitious export goals, while satisfying the local market in order to maintain its market share.

- The humanitarian disaster in South East Turkey and North West Syria as a consequence of February 2023 earthquake will require two or three years to re-build the essential structures needed to resume life and activity in the area. Ezz Steel directs some its flat steel export shipments to Turkey, an important part of which is used in the re-construction efforts. In general, the heavy re-construction activities in Turkey leads to a temporary shift in the direction of steel trade to and from Turkey and Europe. The company follows this dynamic situation closely to optimize its export strategy.
- It is the second year for the Russian Ukrainian war without a solution in the horizon. Ambiguity continues to prevail, and with it there are fears of recession. In spite of the important presence of the two countries in the iron and steel sector, clients of both countries -including Ezz Steel- managed to secure their requirements from other international suppliers. However, aspiring for a prompt resolution for the conflict, the return of Russia and Ukraine to the international trade of iron and steel will be a significant and influential event as and when it occurs.

Divisional Overview

EZDK Standalone Sales (EGP):		**FY 2022**	**FY 2021**	**4Q 2022**	**3Q 2022**
Value:	Mn	61,711	47,931	18,200	16,509
Volume:					
Long:	000 Tonnes	2,238	2,059	557	602
Flat:	000 Tonnes	1,126	1,097	318	306
Exports as % of Sales:					
Long:		9%	13%	10%	4%
Flat:		40%	51%	32%	36%
EBITDA:	Mn	11,539	6,835	2,918	2,638
Production:					
Long Products:	000 Tonnes	1,915	1,859	459	455
Flat Products:	000 Tonnes	1,146	1,101	290	297
Billets:	000 Tonnes	2,183	2,090	545	560
Ezz Steel Standalone Sales (EGP):		**FY 2022**	**FY 2021**	**4Q 2022**	**3Q 2022**
Value:	Mn	16,666	13,170	4,879	4,978
Volume:	000 Tonnes	934	905	231	268
Exports as % of Sales:		-		-	-
EBITDA:	Mn	1,307	924	343	462
Production:					
Long Products:	000 Tonnes	895	839	223	232
Billets:	000 Tonnes	845	867	220	204

EZDK Consolidated Sales (EGP):		**FY 2022**	**FY 2021**	**4Q 2022**	**3Q 2022**
Value:	Mn	75,448	61,218	21,241	19,660
Volume:					
Long:	000 Tonnes	2,366	2,106	576	690
Flat:	000 Tonnes	1,824	1,997	498	419
Exports as % of Sales:					
Long:		8%	13%	10%	4%
Flat:		38%	56%	26%	32%
EBITDA:	Mn	15,472	10,825	3,782	3,244
EBT	Mn	8,416	6,757	1,026	1,953
Net Profit	Mn	6,428	5,837	924	1,417
Production:					
Long Products:	000 Tonnes	2,379	2,065	557	602
Flat Products:	000 Tonnes	1,787	2,051	478	398
Billets:	000 Tonnes	2,454	2,125	579	635
Ezz Steel Consolidated Sales (EGP):		**FY 2022**	**FY 2021**	**4Q 2022**	**3Q 2022**
Value:	Mn	83,984	67,819	23,341	22,147
Volume:					
Long:	000 Tonnes	3,248	2,936	799	946
Flat:	000 Tonnes	1,824	1,997	498	419
Exports as % of Sales:					
Long:		6%	9%	7%	3%
Flat:		38%	56%	26%	32%
EBITDA:	Mn	16,810	11,773	4,152	3,712
EBT	Mn	8,926	7,171	1,083	2,266
Net Profit	Mn	6,647	5,397	939	1,579
Production:					
Long Products:	000 Tonnes	3,274	2,904	780	834
Flat Products:	000 Tonnes	1,787	2,051	478	398
Billets:	000 Tonnes	3,299	2,992	799	838

Disclaimer:

This press release is issued by Ezz Steel (formerly: Al Ezz Steel Rebars S.A.E.) the "Company", in connection with the disclosure of the Company's financial results for the quarter ending 31 December 2022. This press release includes forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements regarding the Company's strategy, the expected strength of demand for long and flat products in Egypt and in regional and international markets, and other future events or prospects are forward looking statements. Recipients of this document should not place undue reliance on forward looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those expressed in or implied by the forward-looking statements contained in this document. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, global and regional trends in the steel industry, the economic and political climate of Egypt and the Middle East, changes in the business strategy of the Company, and various other factors. These forward-looking statements reflect the Company's judgment at the date of this document and are not intended to give any assurances as to future results. The Company undertakes no obligation to update these forward-looking statements, and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. None of Ezz Steel, any of its directors, officers or employees or any other person can give any assurance regarding the future accuracy of the information set forth herein or as to the actual occurrence of any predicted developments. Furthermore, no such parties shall assume, and each of them expressly disclaims, any obligation (except as required by law or the rules of the ESE, the LSE or the FCA) to update any forward-looking statements or to conform these forward-looking statements to Ezz Steel's actual results.

Ezz Steel Company (S.A.E)

Consolidated Financial Statements For The Year Ended December 31, 2022
&
Independent Auditor's Report

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Translation From Arabic

Independent Auditor's Report On Consolidated Financial Statements

TO: THE SHAREHOLDERS OF EZZ STEEL (S.A.E)

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ezz Steel Company (S.A.E), which are represented in the consolidated statement of financial position in December 31, 2022, as well as the consolidated statements of income and other comprehensive income, the changes in equity and the consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility For The Consolidated Financial Statements

These consolidated financial statements are the responsibility of the company's management, as the management is responsible for preparing and presenting the consolidated financial statements in a fair and clear presentation in accordance with Egyptian accounting standards and in light of the Egyptian laws in force. Significant and effective misstatements, whether resulting from fraud or error, and this responsibility includes selecting and applying appropriate accounting policies and making accounting estimates appropriate to the circumstances.

Auditor's Responsibility

Our responsibility is limited to expressing an opinion on these consolidated financial statements in the light of our review of them. We have been audited in accordance with the Egyptian auditing standards and in light of the Egyptian laws in force. These standards require us to comply with the requirements of professional conduct and to plan and perform the audit to obtain appropriate assurance that the financial statements are free from any errors. important and influential.

The audit includes performing procedures to obtain audit evidence regarding values and disclosures in the consolidated financial statements. Internal control related to the entity's preparation of the consolidated financial statements and their fair and clear presentation in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the efficiency of the internal control in the entity. in which the consolidated financial statements are presented.

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

Our Opinion

In our opinion, the consolidated financial statements referred to above express fairly and clearly, and in all their important aspects, the financial position of Ezz Steel Company (S.A.E) on December 31, 2022 and its financial performance and cash flows for the financial year ending on that date, in accordance with Egyptian accounting standards In light of the Egyptian laws and regulations related to the preparation of these consolidated financial statements.

Emphasis Of Matters

Without qualifying our opinion, we draw attention to the following:

1- As explained in note no. (1-3) of the notes to the Consolidated Financial Statements, the company and some of its subsidiaries have incurred retained losses amounted to EGP 8.1 billion as of December 31, 2022 stated in consolidated statement of financial position, also the total Shareholder's Equity amounted to EGP 2.032 billion at that date, as Al Ezz Flat Steel company (EFS)-subsidiary company- has achieved a net profit of 1.9 billion EGP which led to a decrease in the total accumulated retained losses till December 31, 2022 with an amount of EGP 7.6 billion, which deferred tax asset was recognized for it at that date with an amount of EGP 235 million, Also Al Ezz Rolling Mills company (ERM) -subsidiary company- has incurred accumulated retained losses till December 31, 2022 amounted to EGP 6.7 billion, which deferred tax asset was recognized for it at that date with an amount of EGP 819 million, the total amount of these deferred tax assets is amounted to EGP 1,054 billion stated in deferred tax assets in the consolidated statement of financial position at that date, the management of these subsidiaries have prepared a budget for the years from 2021 to 2026 in which it adopts the achievement of profit and improves the results of operations during these years, in addition to a plan of obtaining the support and financing required for operations from Al Ezz El Dekheila For Steel – Alexandria (subsidiary company), which will reflect positively on the operational and financial indicators in the subsequent years, and to have the tax benefits of the tax carried forward losses. which depends on the realization of the future assumptions which have been used in the preparation of the budget mentioned above.

2- As explained in note no. (35-3-1) of the notes to the Consolidated Financial Statements, the tax claims due from Al Ezz El Dekheila for Steel – Alexandria Company (subsidiary company) – amounted to EGP 254 million according to the forms received from the Tax Authority on February 17, 2011 in addition to delay penalties concerning the tax imposed on the flat steel project which has previously enjoyed a tax exemption for the years 2000 – 2004.

The company's management believes that the company has already been held accountable for taxation for those years, and the Internal Committee had agreed to refer a point of contention relating to the elimination of the development fee on the exempted movable tax pot to the appeal committee.

On June 12, 2010, the Appeal Committee issued a decision to eliminate the development fee on the exempted movable tax pot with the remaining tax receptacles exempt from the years of conflict. According to the decision of the internal committee, the tax dues amounts has been paid in full and the dispute has ended by agreement and become final.

The management of the company and its legal advisor believes in the stability of the tax position of the company due to the issuance of the decision of the Appeal Committee in favor of the company, the company's position has been legally fortified, and the tax authority may not re-dispute over those years. The company filed an acquittal claim against these debts before the court under No. 405 of 2011 and agreed with the Tax Authority to lift the seizure signed on the company as a result of the above dispute. The amounts paid amounted to EGP 254 million, including an amount of EGP 35 million for delay. The company believes that this procedure does not change the legal and tax position of the company, and it reserves its right to recover what has been paid.

The court of appeal issued its verdict on November 10 , 2022 in lawsuit No. 268 of 74 in favor of the company invalidating corporate tax form No. 3 , 4 issued No.1380 – 1381 – 1382 – 1383 dated 17 February 2011 for the years 2000 / 2004 and follow up with the large tax payer center in preparation for the execution (The company is entitled to recover the amounts collected by the tax authority based on the invalidity of tax forms).

3- As explained in note no. (38) of the notes to the Consolidated Financial Statements, there is a dispute raised between Al Ezz El Dekheila for Steel – Alexandria company (subsidiary company) and the Sales Tax Authority regarding the amount of the sales tax in return for usufruct of the equipment of mining ores dock related to the handling of ores in El - Dekheila Port, amounting to EGP 127.5 million till June 28, 2012. On October 3, 2012, the company paid the principal tax amounting to EGP 104 million along with its right to maintain a reservation on the settlement until the Sales Tax Authority ceases all the actions taken against Alexandria Port Authority which in its turn shall cease all the actions taken against the subsidiary including the lift of attachment on the subsidiary's balances at the various banks.However, the subsidiary's management paid an amount of EGP 127.5 Million which represents the additional tax claimed, along with its right to maintain a reservation on the settlement. Accordingly, Alexandria Port Authority notified the banks to lift the administrative attachment imposed on the company's balances at the said banks in favor of the Port Authority.

Based on the opinion of its tax advisor, the subsidiary company's management is of the opinion that Alexandria Port Authority is not entitled to claim the company to pay sales tax in return for usufruct of the equipment of mining ores dock related to the handling of ores in El - Dekheila Port, the occupation of the yards allocated for this purpose and carrying out the works of operation and maintenance necessary for such equipment due to the fact that they are not subjected to sales tax. Furthermore, the payment of such amount or amounts by the company to Alexandria Port Authority, either at the present time or in the future, as a tax in return for the same service, does not mean its approval of subjecting the service to taxation along with the continuity of legal proceedings taken by the company to confirm the fact that such service is not subjected to sales tax.

4- As explained in note no. (23) of the notes to the consolidated financial statements. The company still keeps the treasury stocks acquired more than a year ago, at a value of 10.4 million EGP, in violation of Article No. (48) of Law 159 of 1981, which stipulates that the company is obligated to dispose of the treasury stocks to others within a period not exceeding one year from the date of obtaining them, or else Its capital must be reduced by the nominal value of the treasury stocks.

Cairo, April 2, 2023

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Translation From Arabic

Consolidated Statement Of Financial Position

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Non-Current Assets			
Fixed Assets (Net)	(11)	22 141 715	22 202 508
Projects Under Construction	(12)	3 272 036	1 585 312
Long Term Investments	(13)	2 504 081	4 121
Deferred Tax Assets	(31-1)	1 785 385	1 258 168
Long Term Lending To Others	(14)	57 507	47 632
Other Assets	(15)	25 613	30 735
Goodwill	(41-9)	315 214	315 214
Total Non-Current Assets		**30 101 551**	**25 443 690**
Current Assets			
Inventory	(16)	8 902 288	9 518 954
Trade And Notes Receivable	(17)	6 639 883	4 795 988
Debtors And Other Debit Balances	(18)	6 221 073	5 849 788
Suppliers - Advance Payments		581 266	802 659
Investments In Treasury Bills	(41-8)	518 189	132 261
Cash And Cash Equivalents	(20)	13 249 886	3 481 292
Total Current Assets		**36 112 585**	**24 580 942**
Total Assets		**66 214 136**	**50 024 632**
Shareholders' Equity			
Issued And Paid - Up Capital	(21-2)	2 716 325	2 716 325
Reserves	(22)	182 090	182 090
Modification Surplus Of Fixed Assets	(11-3)	1 225 774	1 335 620
Retained Losses		(8 100 638)	(11 901 458)
Treasury Stocks	(23)	(82 302)	(82 302)
Deficit In Holding Company Shareholders' Equity		**(4 058 751)**	**(7 749 725)**
Non-Controlling Interest		6 085 266	4 163 261
Total (Deficit In) Shareholders' Equity		**2 026 515**	**(3 586 464)**
Liabilities			
Non-Current Liabilities			
Long-Term Loans	(28)	15 561 212	12 432 596
Long-Term Liabilities	(30)	3 314 189	3 436 595
Finance Lease Liabilities	(29)	209 159	291 211
Deferred Tax Liabilities	(31-1)	3 942 682	3 643 489
Total Non-Current Liabilities		**23 027 242**	**19 803 891**
Current Liabilities			
Banks - Overdraft	(20)	638 717	270 398
Credit Facilities And Loan Installments Due Within One Year	(28)	16 981 569	22 132 212
Finance Lease Liabilities Due Within One Year	(29)	83 302	73 321
Trade And Notes Payable	(24)	14 732 885	5 301 611
Customers - Advance Payments		1 829 753	1 708 783
Creditors And Other Credit Balances	(25)	3 541 007	2 686 513
Income Tax Liabilities		2 444 108	929 489
Liability Of The Supplementary Pension Scheme	(26)	26 715	25 101
Provisions	(27)	882 323	679 777
Total Current Liabilities		**41 160 379**	**33 807 205**
Total Liabilities		**64 187 621**	**53 611 096**
Total Shareholder's Equity And Liabilities		**66 214 136**	**50 024 632**

- The accompanying notes and accounting policies are an integral part of these consolidated financial statements and are to be read therewith.
- Independent Auditor's Report attached.
- Date: April 2, 2023

ezzsteel
حديد عز
شركة حديد عز ش.م.م
EZZ STEEL CO. S.A.E.
القطاع المالي
FINANCIAL DIVISION
F1

Managing Director

Mr. Hassan Ahmed Nouh

Chairman

Acc./ Mamdouh Fakhr El Dien Hussein El Rouby

Translation From Arabic

Consolidated Statement Of Income

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Sales (Net)	(41-18)	83 984 233	67 818 516
Less :			
Cost Of Sales	(3)	(65 206 255)	(54 048 213)
Gross Profit		**18 777 978**	**13 770 303**
Add / (Less):			
Other Operating Revenues	(4)	175 891	80 094
Selling And Marketing Expenses	(5)	(963 028)	(948 077)
Administrative And General Expenses	(6)	(1 742 647)	(1 404 507)
Other Operating Expenses	(7)	(901 199)	(1 177 238)
Operating Profit		**15 346 995**	**10 320 575**
Add / (Less):			
Finance Income	(8)	414 174	136 838
Finance Cost	(8)	(3 363 026)	(3 391 597)
Foreign Currency Exchange (Losses) / Gains	(8)	(3 472 150)	105 425
Net Finance Cost		**(6 421 002)**	**(3 149 334)**
Net Profit For The Year Before Income Tax		**8 925 993**	**7 171 241**
(Less)/Add:			
Income Tax		(2 484 140)	(929 832)
Deferred Tax	(2-31)	205 571	(844 074)
Total Tax Expense		**(2 278 569)**	**(1 773 906)**
Net Profit For The Year After Tax		**6 647 424**	**5 397 335**
Attributable To:			
Owners Of The Holding Company		4 252 165	3 521 418
Non-Controlling Interest		2 395 259	1 875 917
		6 647 424	**5 397 335**
Basic And Diluted Earnings Per Share For The Year (Le/Share)	(9)	**7.98**	**6.61**

- The accompanying notes and accounting policies are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated Statement Of Comprehensive Income

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Net Profit For The Year After Tax		**6 647 424**	**5 397 335**
(Less)/Add:			
Other Comprehensive Income Items			
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Losses During The Year)	(11-3)	(169 527)	(171 184)
Actuarial (Losses) /Earnings From Pension Scheme		1 058	(4 227)
Total Comprehensive Income		**6 478 955**	**5 221 924**
Attributable To:			
Owners Of The Holding Company		4 142 928	3 407 715
Non-Controlling Interest		2 336 027	1 814 209
		6 478 955	**5 221 924**

- The accompanying notes and accounting policies are an integral part of these consolidated financial statements and are to be read therewith.

Translation From Arabic

Consolidated Statement Of Changes In Equity

	Capital	Reserves	Modification Surplus Of Fixed Assets	Retained Losses	Treasury Stocks	Total / (Deficit In) Holding Company Shareholders Equity	Non-Controlling Interest	Total / (Deficit In) Shareholders' Equity
	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000
Balance At 1/1/2021	2 716 325	182 090	1 446 615	(15 527 223)	(71 921)	(11 254 114)	2 291 033	(8 963 081)
Comprehensive Income								
Net Profit For The Year	–	–	–	3 521 418	–	3 521 418	1 875 917	5 397 335
Other Comprehensive Income								
Realized Portion Of Modification Surplus Of The Fixed Assets(Transferred To Retained Losses During The Year)	–	–	(110 995)	–	–	(110 995)	(60 189)	(171 184)
Actuarial Losses From Defined Benefits Pension Schemes	–	–	–	(2 708)	–	(2 708)	(1 519)	(4 227)
Total Comprehensive Income	–	–	(110 995)	3 518 710	–	3 407 715	1 814 209	5 221 924
Realized Portion Of Modification Surplus Of Fixed Asset(Transferred To Retained Losses During The Year)	–	–	–	110 995	–	110 995	60 189	171 184
Transactions With Company's Shareholders								
The Non-Controlling Interest Share In Subsidary Company'S Dividends Of Year 2020	–	–	–	(847)	–	(847)	(1 436)	(2 283)
Non-Controling Interest Share In Subsidary Company's paid Capital	–	–	–	–	–	–	1 000	1 000
Purchase Treasury Stocks	–	–	–	–	(10 381)	(10 381)	–	(10 381)
Purchase Treasury Stocks In Subsidiary Company	–	–	–	(3 093)	–	(3 093)	(1 734)	(4 827)
Total Transactions With The Company's Shareholders	–	–	–	(3 940)	(10 381)	(14 321)	(2 170)	(16 491)
Balance At 31/12/2021 Restated	2 716 325	182 090	1 335 620	(11 901 458)	(82 302)	(7 749 725)	4 163 261	(3 586 464)
Balance At 1/1/2022 Restated	2 716 325	182 090	1 335 620	(11 901 458)	(82 302)	(7 749 725)	4 163 261	(3 586 464)
Comprehensive Income								
Net Profit For The Year	–	–	–	4 252 165	–	4 252 165	2 395 259	6 647 424
Other Comprehensive Income Items								
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The year)	–	–	(109 846)	–	–	(109 846)	(59 681)	(169 527)
Actuarial Gain From Defined Benefits Pension Schemes	–	–	–	609	–	609	449	1 058
Total Comprehensive Income	–	–	(109 846)	4 252 774	–	4 142 928	2 336 027	6 478 955
Realized Portion Of Modification Surplus Of The Fixed Assets(Transferred To Retained Losses During The Year)	–	–	–	109 846	–	109 846	59 681	169 527
Transactions With Company's Shareholders								
Dividends To Shareholders Of The Company And Its Subsidiaries For The Year 2021	–	–	–	(426 313)	–	(426 313)	(422 462)	(848 775)
Non-Controling Interest Share In Subsidary Company's paid Capital	–	–	–	–	–	–	3 000	3 000
The Share Of The Company And Non-Controlling Interest In The Employees And Boards Of Directors Dividends Of The Company And Its Subsidiaries For Year 2021	–	–	–	(135 487)	–	(135 487)	(54 241)	(189 728)
Total Transactions With The Company's Shareholders	–	–	–	(561 800)	–	(561 800)	(473 703)	(1 035 503)
Balance At 31/12/2022	2 716 325	182 090	1 225 774	(8 100 638)	(82 302)	(4 058 751)	6 085 266	2 026 515

- The accompanying notes and accounting policies are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated Statement Of Cash Flows

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Cash Flows From Operating Activities			
Net Profit For The Year Before Income Tax		8 925 993	7 171 241
Adjustments To Reconcile Net Profit To Net Cash Provided By (Used In) Operating Activities			
Depreciation	(1-11)	1 458 065	1 446 905
Amortization Of Other Assets	(15)	5 122	5 123
Amortization Of Accrued Interest On Treasury Bills		(35 728)	(29 485)
Amortization Of The Difference From The Change In The Fair Value Of The Long Term Lending			(1 838)
Capital (Losses)		490	(900)
Impairment Loss On Assets	(7)	35 164	52 820
Interest & Finance Costs	(8)	3 363 026	3 391 597
Provisions Formed During The Year	(7)	228 817	340 990
Differences Of Changing In Liability Of The Supplementary Pension Scheme	(26)	48 352	31 687
Financial Grants For Developing Gas Station		--	(909)
Foreign Currency Exchange Differences		4 109 411	(81 236)
		18 138 712	**12 325 995**
Changes In:			
Inventory		616 666	(2 839 863)
Trade Receivables, Debtors & Other Debit Balances		(2 502 480)	1 767 246
Trade Payables, Creditors & Other Credit Balances		6 796 985	(3 366 798)
Change In Lending To Employees		(9 875)	(2 382)
Liability Of The Supplementary Pension Scheme		(11 913)	(7 070)
Cash Flows Provided By Operating Activities		**23 028 095**	**7 877 128**
Finance Interests Paid		(3 212 815)	(3 761 191)
Income Tax Paid		(200 880)	(34 304)
Used Provisions		(26 271)	(400)
Paid Dividends To Employees & Board Of Directors		(191 699)	(2 781)
Net Cash Flows Provided By Operating Activities		**19 396 430**	**4 078 452**
Cash Flows From Investing Activities			
(Payments) For Purchase Of Fixed Assets And Projects Under Construction		(2 090 218)	(1 730 382)
Proceeds From Sale Of Fixed Assets		146	855
Proceeds From Increasing Subsidiaries' Capital		-	1 000
(Payments) For Purchase Of Investments		(1 247 001)	-
(Payments) For Purchase Treasury Stocks		-	(15 208)
(Payments) From Retrieval Of Financial Investments (Treasury Bills)		541 900	722 246
(Payments) For Purchase Of Financial Investments (Treasury Bills)		(892 099)	(578 540)
Net Cash Flows (Used In) Investing Activities		**(3 687 272)**	**(1 600 029)**
Cash Flows From Financing Activities			
(Payments) / Proceeds For Credit Facilities		(601 427)	(1 671 756)
(Payments) / Proceeds From Loans And Other Liabilities		(4 786 610)	404 681
Finance Lease Payments		(72 071)	(66 029)
Change In Time-Deposits And Restricted Current Accounts		(965 149)	8 214
Paid Dividends To The Shareholders And Non-Controlling Interest		(848 775)	(2 162)
Net Cash (Used In) Financing Activities		**(7 274 032)**	**(1 327 052)**
Change In Cash And Cash Equivalents During The Year		**8 435 126**	**1 151 371**
Cash And Cash Equivalents At The Beginning Of The Year	(20)	3 078 835	1 927 464
Cash And Cash Equivalents At The End Of The Year	(20)	**11 513 961**	**3 078 835**

- The accompanying notes and accounting policies are an integral part of these consolidated financial statements and are to be read therewith.

Notes To The Consolidated Financial Statements

1. Company Background

1.1 General Information

- Al Ezz Steel Rebars Company "S.A.E" was established under the provisions of Law No. 159 of 1981 and was registered in the Commercial Register in Menofia Governorate under No. 472 on April 2, 1994. The preliminary establishment contract and the Company's statute were published in the Companies' Gazette issue No. 231 of April 1994. The Company is located in Sadat City.
- The term of the company is 25 years from the date of registration of the company in the commercial register. On October 24, 2018, the Company's Extraordinary General Assembly decided to extend the company's term for another 25 years starting from April 2, 2019. The necessary procedures are being taken to amend the Company's Commercial Register in this regard.
- The Extra-ordinary General Assembly in its meeting dated October 3, 2009 approved to change the Company's name to "Ezz Steel", this amendment was registered in the Commercial Registry on November 1, 2009.
- The Company is located in 35 Lebanon Street– El Mohandseen – Cairo – Arab Republic of Egypt.
- The nominal shares of the company are being traded in the Egyptian stock exchange and London stock exchange.

1.2 Subsidiaries

Al Ezz El Dekheila for Steel - Alexandria (EZDK) – S.A.E – was established in 1982 as a Joint Investment Company under Law No. 43 of 1974 which was replaced by Law No. 8 of 1997, adjusted by Law No. 72 of 2017 by issuance investment law.

Al Ezz El Dekheila for Steel - Alexandria (EZDK) has the following subsidiaries:

Al Ezz Rolling Mills Company (ERM) – S.A.E – was established in 1986 under Law No. 43 of 1974, which was replaced by Law No. 8 of 1997, which was replaced by Law No. 72 of 2017 by issuance investment law.

Al Ezz Flat Steel Company (EFS) – S.A.E – was established in 1998 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997, which was replaced Law No. 72 of 2017 by issuance investment law.

Iron for Industrial, Trading and Constructing Steel Company (Contra Steel) – S.A.E – was established according to the decree of the specialized committee in the Ministry of Economy and Foreign Trade (corporate fine) under the provisions of Law No. 159 of 1981.

Contra wood for wood products - Misr for Pipes & Casting Industry Company – S.A.E "previously – was established in August 29, 1992 under the provisions of Law No. 159 of 1981.

Al Ezz For Medical Industries – S.A.E - was established in August 11, 2020

1.3 Company's Activites & Its Subsidiaries

The Company and its subsidiaries purpose is the manufacturing, trading and distribution of iron and steel products of all kinds and associated products and services.

The following is an analysis of investments in the subsidiary Companies of Ezz Steel Company which are included in the Consolidated Financial Statements:

	31/12/2022 Shareholding %	31/12/2021 Shareholding %
Al Ezz El Dekheila For Steel - Alexandria (EZDK)	64.06 Direct	64.06 Direct
Al Ezz Rolling Mills Company (ERM)	64.061 (Direct and Indirect) through Al Ezz El Dekheila	64.061 (Direct and Indirect) through Al Ezz El Dekheila
Al Ezz Flat Steel (EFS)	64.06 (Direct & Indirect) Through Al Ezz El Dekheila	64.06 (Direct & Indirect) Through Al Ezz El Dekheila
Iron for Industrial, Trading and Constructing Steel Company (Contra Steel)	57.657 (Indirect) Through Al Ezz El Dekheila	57.657 (Indirect) Through Al Ezz El Dekheila
Contra wood for wood products - Misr for Pipes & Casting Industry Company "previously"	55.16 (Indirect) Through Al Ezz El Dekheila	55.16 (Indirect) Through Al Ezz El Dekheila
Al Ezz For Medical Industries	49.2 (Direct and Indirect) Through Al Ezz El Dekheila	49.2 (Direct and Indirect) Through Al Ezz El Dekheila

The Main Financial Indicators For The Company And Some Of Its Subsidiaries:

- The subsidiaries company have incurred retained losses amounted to EGP 8,1 Billion as of December 31, 2022 included in company's consolidated statement of financial position, also the Shareholder's Equity amounted to EGP 2.032 Billion at that date, as Al Ezz Flat Steel company (EFS) -subsidiary company- achieved a net profit of EGP 1.9 Billion, which led to a decrease in the total retained losses until December 31, 2022 to EGP 7.6 billion, which deferred tax asset was recognized for it at that date with an amount of EGP 235 Million, Also Al Ezz Rolling Mills company (ERM) -subsidiary company- has incurred accumulated retained losses till December 31, 2022 amounted to EGP 6.7 Billion, which deferred tax asset was recognized for it at that date with an amount of EGP 819 Million, hence the total amount of these deferred tax assets is amounted to EGP 1.054 Billion stated in deferred tax assets in the consolidated statement of financial position at that date. The subsidiaries management has prepared a budget for the years from 2021 to 2026 in which it adopts the achievement of profit and improves the results of operations during these years, in addition to a plan of obtaining the support and financing required for operations from Al Ezz El Dekheila For Steel – Alexandria (subsidiary company), which will reflect positively on the operational and financial indicators in the subsequent years, and to have the tax benefits of the tax carried forward losses.

1. Company Background (Continued)

1.4 Issuance Of Consolidated Financial Statements

- These Consolidated Financial Statements were approved by the company's BOD for issuance on April 2, 2023.

2. Basis For The Preparation Of The Consolidated Financial Statements

2.1 Statement Of Compliance

These Consolidated Financial Statements have been prepared in accordance with Egyptian Accounting Standards and in light of Egyptian laws and regulations related to.

2.2 Basis Of Measurement

These Consolidated Financial Statements are prepared on the historical cost convention, except for assets and liabilities which are measured at fair value.

During 2016, the Group's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates", the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the above-mentioned annex, as described in details in (Note no. 40-2).

2.3 Functional & Presentation Currency

These Consolidated Financial Statements are presented in thousands of Egyptian pounds

2.4 Use Of Estimates & Judgments

The preparation of the Consolidated Financial Statements in conformity with Egyptian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the current circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any differences to accounting estimates are recognized in the period in which the estimate is revised if these differences affect the period of the revision and future periods then these differences are recognized in the period of the revision and future periods.

And the following represents the most significant items in which assumption and professional judgment have been made:

* Impairment loss on assets.
* Recognition of deferred tax assets.
* Contingencies, liabilities and Provisions.
* Operational useful life of fixed assets.
* Classification of lease contracts
* Revenue recognition: Revenue is recognized in accordance with what is detailed in the applicable accounting policies.

2.5 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will occur either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants would act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by making the asset's best and best use or selling it to another participant who will use the asset in its best and best use.

The Company uses valuation techniques that are considered appropriate in the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured or disclosed in the separate financial statements at fair value are categorized into the categories of the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the entire measurement over the fair value measurement as a whole:

•Level one: the quoted prices (unadjusted) in an active market for identical assets or liabilities.

•Level Two: Evaluation Methods The lowest level input that is considered significant for the entire measurement is directly or indirectly observable.

• Level Three: Evaluation Methods the lowest level input that is significant to the entire measurement is unobservable.

2. Basis For The Preparation Of The Consolidated Financial Statements (Continued)

2.6 Basis Of Consolidation

- The Consolidated Financial Statements include assets, liabilities and result of operations of Ezz Steel Company (Holding Company) and all subsidiary companies which are controlled by the Holding Company, the Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the investee.
- All inter-Company balances, transactions and unrealized profits were eliminated.
- Non-controlling interest in the net equity and in net earnings of subsidiaries are included in a separate item "non-controlling interest" in the Consolidated Financial Statements and is calculated to be equivalent to their share in the carrying amount of the subsidiaries net assets at the date of the Consolidated Financial Statements. Non-controlling share in profits and losses of the subsidiary companies are included in a separate line item in the consolidated statement of income.
- The provided profit and losses from acquisition or selling shares from non-controlling interest without changing of the holding Company's control, it's directly stated in the shareholders' equity.

3. Cost Of Sales

	Note	31/12/2022 EGP,000	31/12/2021 EGP,000
Raw Materials		44 452 101	38 395 588
Salaries & Wages		2 641 201	2 262 206
Fixed Assets Depreciation	(11-1)	1 418 768	1 405 384
Other Assets Amortization	(15)	5 123	5 123
Supplementary Pension Scheme Cost		38 056	24 865
Manufacturing Overhead Expenses		16 003 683	12 819 555
Manufacturing Cost		**64 558 932**	**54 912 721**
Change In Inventory–Finished Products And Work In Process		647 323	(864 508)
Total Cost Of Sales		**65 206 255**	**54 048 213**

4. Other Operating Revenues

	31/12/2022 EGP,000	31/12/2021 EGP,000
Capital Gain	-	900
Other Revenues	175 891	79 194
Total Other Operating Revenues	**175 891**	**80 094**

5. Selling & Marketing Expenses

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000
Salaries & Wages		134 231	120 851
Advertising Expenses		120 192	92 845
Fixed Assets Depreciation	(11-1)	599	686
Supplementary Pension Scheme Cost		2 691	1 758
Other Expenses		705 315	731 937
Total Selling & Marketing Expenses		**963 028**	**948 077**

6. Administrative & General Expenses

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Salaries & Wages		1 014 940	827 765
Spare Parts And Maintenance Expenses		10 754	8 415
Fixed Assets Depreciation	(11-1)	38 698	40 832
Supplementary Pension Scheme Cost		7 673	5 068
Other Expenses*		670 582	522 427
Total Administrative & General Expenses		**1 742 647**	**1404 507**

* Restatement was made to some of the comparative figures as shown in note no. (40).

7. Other Operating Expenses

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000
Donations		527 851	524 010
Capital Loss		490	-
Impairment Of Assets	(19)	35 164	52 820
Provisions Formed During The Year	(27)	228 817	340 990
Other Expenses		108 877	259 418
Total Other Operating Expenses		**901 199**	**1 177 238**

8. Finance Income & Cost

	31/12/2022 EGP,000	31/12/2021 EGP,000
Finance & Interest Income	414 174	136 838
Interest & Finance Cost	(3 363 026)	(3 391 597)
Foreign Currency Exchange Differences (Losses) Gains	(3 472 150)	105 425
Net Finance Costs	**(6 421 002)**	**(3 149 334)**

9. Basic & Diluted Earnings Per Share For The Year

Owners Of The Company Share	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Net Profit For The Year	4 252 165	3 521 418
Weighted Average Number Of Outstanding Shares During The Year (Share)*	532 891 832	532 891 832
Basic And Diluted Earnings Per Share For The Year (LE / Share)	**7.98**	**6.61**

* There's discount for 10 373 195 shares were eliminated for calculating the weighted average number of outstanding shares during The year ended December 31, 2022 which represent treasury stocks (comparing to 10 373 195 shares on December 31, 2021) (Note no. 23).

10. Employee Benefits

- The employees of the company and some of its subsidiaries are granted an end of service benefits through insurance and provident fund for the employees of Al Ezz Industrial Group registered on 22/2/2000, that according to conditions and determinants included in the fund regulation. The company's contribution to the fund is represented in defined contribution where the company pays all the saving and insurance subscriptions according to the conditions and the percentage mentioned in the fund regulations and this is based on the subscription fees that is determined using the monthly basic salary at 1/1/2000 in addition to the annual salary increase.
- The value of the of the subscriptions incurred by the parent company and some of its subsidiary companies For The year ended December 31, 2022 amounted to EGP 32 989 K has been included in salaries and wages in the statement of income (against EGP 31 052 K for year 2021).

11. Fixed Assets

11.1 The Following Is The Movement Of Fixed Assets During The Current Year & Comparative Year:

	Land	Buildings	Machinery & Equipment	Vehicles	Furniture & office Equipment	Tools & Appliances	Leasehold Improvments	Total
	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000
<u>Cost:</u>								
At January 1, 2021	779 274	9 993 755	35 832 239	313 084	478 244	244 961	3 902	47 645 459
Additions During The Year	2 867	29 401	273 676	635	17 976	33 134	-	357 689
Disposals During The Year	-	(1 174)	(26 683)	(4 816)	(2 008)	(3 046)	-	(37 727)
At December 31, 2021 Restated	**782 141**	**10 021 982**	**36 079 232**	**308 903**	**494 212**	**275 049**	**3 902**	**47 965 421**
At January 1, 2022 Restated	**782 141**	**10 021 982**	**36 079 232**	**308 903**	**494 212**	**275 049**	**3 902**	**47 965 421**
Additions During The Year	2 603	12 371	317 877	-	36 565	34 079	-	403 495
The Effects Of Changes in Foreign Currency Exchange Rates	-	-	994 414	-	-	-	-	994 414
Disposals During The Year	-	-	(26 481)	(954)	(1 107)	(13)	-	(28 555)
At December 31, 2022	**784 744**	**10 034 353**	**37 365 042**	**307 949**	**529 670**	**309 115**	**3 902**	**49 334 775**
Accumulated Depreciation:								
At January 1, 2021	-	**3 103 506**	**20 498 065**	**297 968**	**286 901**	**163 314**	**3 902**	**24 353 656**
Depreciation For The Year	-	230 026	1 143 700	6 598	43 884	22 697	-	1 446 905
Accumulated Depreciation Of Disposals During The Year	-	(1 174)	(26 613)	(4 816)	(1 999)	(3 046)	-	(37 648)
At December 31, 2021 Restated	-	**3 332 358**	**21 615 152**	**299 750**	**328 786**	**182 965**	**3 902**	**25 762 913**
At January 1, 2022 Restated	-	3 332 358	**21 615 152**	**299 750**	328 786	**182 965**	**3 902**	**25 762 913**
Depreciation For The Year	-	228 042	1 152 841	5 349	40 446	31 387	-	1 458 065
Accumulated Depreciation Of Disposals During The Year	-	-	(25 844)	(954)	(1 107)	(13)	-	(27 918)
At December 31, 2022	-	**3 560 400**	**22 742 149**	**304 145**	**368 125**	**214 339**	**3 902**	**27 193 060**
Carrying Amount:								
At December 31, 2021 Restated*	**782 141**	**6 689 624**	**14 464 080**	**9 153**	**165 426**	**92 084**	-	**22 202 508**
At December 31, 2022	**784 744**	**6 473 953**	**14 622 893**	**3 804**	**161 545**	**94 776**	-	**22 141 715**
Fixed Assets Fully Depreciated & Still In Use At December 31, 2022	-	**587 088**	**2 630 293**	**284 800**	**210 647**	**137 224**	**3 902**	**3 853 954**

- The land item includes a piece of land with a total area of 928000 M^2 purchased by Ezz flat steel from Gulf of Suez Development Company with a total value LE 28 Million including the Suez governorate fees amounting to LE 5 Million for the purpose of establishing an industrial project the final payment was made on 15/10/2010 and currently the procedures to register the land under the company's name are in process.
- Al Ezz El Dekheila For Steel - Alexandria - subsidiary - company is still completing the registration procedures for some of the land purchased from different parties.
- Al Ezz Rolling Mills company has not registered the new factory land in Al Ain El Sokhna under the company's name till now which amounted to LE 29.64 Million.
- according to the optional treatment contained in Appendix (C) of Egyptian Accounting Standard No. (13) (Effects of Changes in Foreign Currency Exchange Rates), Ezz Flat Steel Company - a subsidiary - has recognized within the cost of fixed assets the debit exchange currency differences resulting from the outstanding liabilities at the date of preparing the financial statements for the acquisition of a fixed asset, where the value of currency exchange losses as at 31 December 2022 amounted to 1.024 billion Egyptian pounds, part of which was capitalized on fixed assets in the amount of 994.414 million Egyptian pounds, and the remaining amount is 29.962 million Egyptian pounds within the income statement items.
 * Restatement was made to some of the comparative figures as shown in note no. (40).

11,1 Depreciation for the year charged to the statement of income is as follows:

	Note No.	For The Year Ended: 31/12/2022 EGP,000	31/12/2021 EGP,000
Cost Of Sales	(3)	1 418 768	1 405 384
Selling & Marketing Expenses	(5)	599	686
Administrative & General Expenses	(6)	38 698	40 835
		1 458 065	**1 446 905**

11.2 Leased Fixed Assets:

Fixed assets include leased assets as of December 31, 2022 as follows:

	Cost At 31/12/2022 EGP,000	Accumulated Depreciation At 31/12/2022 EGP,000	Net At 31/12/2022 EGP,000	Net At 2021/12/31 EGP,000
Land *	70 000	-	70 000	70 000
Building **	145 000	24 167	120 833	124 458
	215 000	**24 167**	**190 833**	**194 458**

* During 2018, the company signed a contract of sale and lease back for 7 years ending 2025 for a plot of land owned by the company, Land cost amounted to EGP 70 Million, as shown in note no. (29), the company issued an official power of attorney cannot be canceled or revoked in favor of HD Lease in the signing of the initial and final purchase and sale contracts and the final transfer of ownership to it or to other in front of the Real Estate Authority for the above-mentioned plot of land.

** During 2016, the company concluded a finance lease contracts for two floors in Nile Plaza building for 8 years ending 2024 as shown in note no. (29).

11.3 The following is the movement during the year for modification surplus of fixed assets which is resulting from the adoption of the special accounting treatment related to dealing with the effects of floating foreign currency exchanges rates which is included in Annex (A) of the Modified Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates":

	EGP,000
Modification Surplus Of Fixed Assets At Floating Foreign Exchange Rate Date (November 3, 2016)	4 013 795
Income Tax	(903 104)
Net Modification Surplus Of Fixed Assets After Income Tax	**3 110 691**
Recognized Portion Till December 31, 2021	(1 040 995)
Net Modification Surplus Of Fixed Assets At December 31, 2021	**2 069 696**
Recognized Portion During The Year Ended December 31, 2022	(169 527)
Net Modification Surplus Of Fixed Assets At December 31, 2022	**1 900 169**
Attributable To:	
Owners Of The Holding Company	1 225 774
Non-Controlling Interest	674 395
	1 900 169

12. Projects Under Construction

	31/12/2022	31/12/2021
	EGP,000	EGP,000
Constructions Expansion	15 729	4 820
Machinery Under Installation*	3 232 999	1 565 720
Advance Payments For Purchase Of Fixed Assets	21 945	14 772
Other	1 363	-
Total Projects Under Construction	**3 272 036**	**1 585 312**

* The balance includes EGP 107 million in capitalized interest

13. Long Term Investments

	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
- Egyptian German Co. For Flat Steel Marketing (Franco) (L.L.C) (Under Liquidation) (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	90	90
- Al Ezz El Dekheila For Steel – Egypt (EZDK) (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	25	25
- Ezdk Steel Uk Ltd (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	1	1
- Egyptian Steel (18% By Al Ezz El Dekheila For Steel – Egypt (EZDK)	2 499 960	-
- Arab Company For Special Steel (SAE) (1% Owned By Ezz El Dekheila For Steel – Alexandria).	4 263	4 263
- The Egyptian Company For Cleaning And Security Services (30.80% Owned By Al Ezz Steel Company)	80	80
- Atlantic Pacific Transport Ltd. (5% Owned By Iron For Industrial, Trading And Constructing Steel Company (Contra Steel)).	4 016	4 016
	2 508 435	8 475
Less:		
Impairment Loss In Long Term Investments (Note No.19)	4 354	4 354
	2 504 081	4 121

* Restatement was made to some of the comparative figures as shown in note no. (40).

14. Long Term Lending To Other

Long Term Lending which included in long term assets in the consolidated financial statements Represented In amount of EGP 58 Million as of December 31, 2022 (against EGP 48 Million as of December 31, 2021) and the value of long term portion of employees loans amounted to EGP 116 Million as of December 31, 2022 (against EGP 91 Million as of December 31, 2021) after deducting the transfers to short term employees' Loans and advances amounting to EGP 49 Million in the current year (against to EGP 34 Million as of December 31, 2021) and deducting differences arising from the change in the present value amounted to EGP 9 Million (against EGP 9 Million as of December 31, 2021).

15. Other Assets

The amount is represented in the paid-up amount by Al Ezz Flat Steel Company (EFS) – subsidiary company – to Industrial Development Authority for the approval of the steel rebar production license:

	EGP,000
Cost At January 1, 2022	30 735
(Less):	
Amortization For The Year	(5 122)
Net At December 31, 2022	**25 613**

16. Inventory

	31/12/2022 EGP,000	31/12/2021 EGP,000
Raw Materials And Supplies	4 275 038	4 524 310
Spare Parts And Supplies	2 166 502	1 835 844
Work In Process	533 249	704 873
Finished Products	1 745 615	2 221 314
Goods In Transit	3 785	160 923
Letters Of Credit	178 099	71 690
Total Inventory	**8 902 288**	**9 518 954**

17. Trade & Notes Receivable

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000
Trade Receivables		2 029 061	2 771 711
Trade Receivables – Related Parties	(32-1)	9 297	9 048
Notes Receivable		4 642 084	2 055 788
		6 680 442	**4 836 547**
Less:			
Impairment Loss On Trade Receivables	(19)	(40 559)	(40 559)
Total Trade & Notes Receivable		**6 639 883**	**4 795 988**

18. Debtors & Other Debit Balances

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Deposits With Others		1 328 660	1 272 913
Tax Authority		1 711 268	2 019 832
Tax Authority – Vat		992 903	1 227 071
Customs Authority		366 811	182 728
Accrued Revenues		988	761
Prepaid Expenses		29 835	68 648
Employees' Loans And Advance Payments Due Within A Year		67 167	48 538
Letters Of Credit Cash Margin		598 243	7 212
Letters Of Guarantee Cash Margin	(33-1)	165	1 315
Due From Related Parties**	(32-2)	28 498	24 266
Advance Payment Under The Account Of Employees' Dividends		34 099	53 522
Other Debit Balances* **		1 190 491	1 035 873
		6 349 128	**5 942 679**
Less:			
Impairment Loss On Debtors & Other Debit Balances	(19)	(128 055)	(92 891)
Total Debtors & Other Debit Balances		**6 221 073**	**5 849 788**

* The other debit balances item includes an amount of EGP 49.5 Million represents 15% of the license related to the second production line which Ezz Rolling Mills Company- a subsidiary company- paid on February 2012.

** Restatement was made to some of the comparative figures as shown in note no. (40).

19. Impairment Loss On Assets

Impairment Loss On:	Note No.	1/1/2022 EGP,000	Formed During The Year EGP,000	31/12/2022 EGP,000
Long Term Investments	(13)	4 354	-	4 354
Trade And Notes Receivable	(17)	40 559	-	40 559
Debtors And Other Debit Balances	(18)	92 891	35 164	128 055
Advance Payments For Suppliers		2 332	-	2 332
Total Impairment Loss On Assets		**140 136**	**35 164**	**175 300**

20. Cash & Cash Equivalents

	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Banks - Time Deposits	67 155	244 160
Banks – Current Accounts	12 858 691	3 071 710
Cheques Under Collection	234 779	115 492
Cash On Hand	89 301	49 930
	13 249 886	**3 481 292**
Less:		
Banks – Overdraft	(638 717)	(270 398)
Restricted Time Deposits And Current Accounts Within The Credit Conditions Granted By The Bank For The Group Companies	(1 097 208)	(132 059)
Cash & Cash Equivalents In The Statement Of Cash Flows	**11 513 961**	**3 078 835**

* Restatement was made to some of the comparative figures as shown in note no. (40).

21. Capital

21.1 Authorized Capital

The company's authorized capital is LE 8 Billion.

21.2 The Issued & Paid In Capital

The issued and paid capital after the increase is EGP 2 716 325 K (Two Billion, Seven Hundred and Sixteen Million, Three Hundred and Twenty-Five Thousand Egyptian Pound) distributed over 543 265 027 share with a par value of EGP 5 per share paid in full. The issued and paid in capital after the increase was registered in the Commercial Register with No. 1176 Menouf city on October 30, 2008.

The shareholders and the percentages of their contribution at the date of the financial position are as follows:

Shareholder Name	No. Of Shares	Par Value 31/12/2022 EGP	Shareholding %	Shareholding 31/12/2021 %
- Engineer / Ahmed Abd El Aziz Ezz	356 933 139	1 784 665 695	65.701	65.701
- Al Ezz For Rolling Mills (Subsidiary Company)	9 462 714	47 313 570	1.742	1.742
- Others	176 869 174	884 345 870	32.557	32.557
	543 265 027	**2 716 325 135**	**100**	**100**

22. Reserves

	31/12/2022 EGP,000	31/12/2021 EGP,000
Legal Reserve*	1 358 163	1 358 163
Other Reserves (Additional Paid In Capital) **	2 620 756	2 620 756
The Difference Resulting From The Acquisition Of Additional Percentage In Subsidiary's Capital	(3 796 829)	(3 796 829)
	182 090	**182 090**

* **Legal reserve:** 5% of net profit should be appropriated to form legal reserve; the Company will stop appropriation once the legal reserve balance reaches 50% of the Company's issued capital; in case the reserve balance becomes less than stated percentage, the appropriation will continue and The legal reserve may be used for the benefit of the Company based on a proposal by the Board of Directors after approval by the General Assembly.

** **Other reserves:** Additional paid in capital resulted from capital increase for the acquisition of Al Ezz El Dekheila for Steel shares, and bonds converted to shares.

23. Treasury Stocks

Treasury stocks represent the number of 9 462 714 shares of Ezz Steel Company owned by Al Ezz Rolling Mills Company (ERM) – (subsidiary company) which amounting to EGP 71 921 K, and they are classified as treasury stocks for the consolidation purposes.

On January 5, 2021 the parent company's Board of Directors decided to purchase treasury shares with a percent of 1% of the paid-up capital of the company and a maximum of one Million shares, the Managing Director was delegated to set prices and the period for purchasing treasury shares within the company's available sources of financing and liquidity, the Financial Regulatory Authority approved this transaction. The total number of shares purchased is 910 481 Shares with an amount of EGP 10 381 K.

So, the total number of treasury shares becomes 10 373 195 shares with a total cost of EGP 82,302 K.

24. Trade & Notes Payable

	31/12/2022			31/12/2021
	Due Within One Year	Long term Note No. (30)	Total	Total
	EGP,000	EGP,000	EGP,000	EGP,000
Trade Payables	14 043 690	-	14 043 690	3 743 039
Notes Payable	689 195	580 654	1 269 849	3 370 255
	14 732 885	**580 654**	**15 313 539**	**7 113 294**

As of December 31, 2022, trade and notes payable include an amount of instalments due to the Electricity and natural gas supplying Companies, the company and its subsidiaries made an agreement with the mentioned companies to reschedule the payment of dues which amounted to EGP 1847.7 Million to be paid on maximum of 48 monthly instalment beginning from the date of the agreement, in addition to an annual interest stated on the rescheduling agreement mentioned above.

25. Creditors & Other Credit Balances

	Note No.	31/12/2022	31/12/2021
		EGP,000	EGP,000 Restated
Accrued Interest		415 186	259 026
Accrued Expenses		2 097 304	1 720 718
Tax Authority		467 258	223 923
Performance Guarantee Retention		96 747	90 217
Dividends Payable		1 612	1 609
Due To Related Parties	(32-3)	56 596	71 324
Deferred Revenue For Grants		-	750
Other Credit Balances*		406 304	318 946
Total Creditors & Other Credit Balances		**3 541 007**	**2 686 513**

* Restatement was made to some of the comparative figures as shown in note no. (40).

26. Liability Of The Supplementary Pension Scheme

The cost of the supplementary pension scheme during The year ended December 31, 2022 amounted to EGP 48.42 Million charged to the consolidated financial statement according to the actuary's report issued annually.

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000
Balance At The Beginning Of January		**246 343**	**217 500**
Add:			
Present Service Cost		16 705	2 825
Return Cost		31 715	28 866
Amounts Recognized In The Consolidated Statement Of		**48 420**	**31 691**
		294 763	**249 191**
Actuarial (Profits) Losses From The Defined Benefits Pension Scheme		(1 058)	4 077
Employees benefits (under reconciliation)		(61 933)	-
Employees Paid Subscriptions During The Year		7 368	8 486
		239 140	**261 754**
Less:			
Paid Pensions During The Year		(19 350)	(15 411)
Total Liabilities Of Supplementary Pension Scheme		**219 790**	**246 343**
Distributed As Follows:			
Included In Current Liabilities		26 715	25 101
Included In Long-Term Liabilities	(30)	193 075	221 242
		219 790	**246 343**

27. Provisions

	1/1/2022 EGP,000	Formed During The Year EGP,000	Used During The Year EGP,000	31/12/2022 EGP,000
Tax And Claims Provision	677 822	228 817	(26 271)	880 368
Employees Lawsuits Provision	1 955	-	-	1 955
Total Provisions	**679 777**	**228 817**	**(26 271)**	**882 323**

28. Loans And Credit Facilities

		Short Term EGP,000	Long Term EGP,000	Total EGP,000
Ezz Steel	Long Term Loans	299 321	363 974	**663 295**
	Credit Facilities	4 063 400	-	**4 063 400**
Al Ezz El Dekheila For Steel - Alexandria (Ezdk)	Long Term Loans	1 246 010	4 460 554	**5 706 564**
	Credit Facilities	8 873 773	6 105 646	**14 979 419**
Al Ezz Flat Steel (Efs)	Long Term Loans	1 025 256	-	**1 025 256**
	Credit Facilities	360 479	734 501	**1 094 980**
Al Ezz Rolling Mills Company (Erm)	Long Term Loans	1 113 296	3 896 537	**5 009 833**
	Credit Facilities	34	-	**34**
Total As Of 31/12/2022		**16 981 569**	**15 561 212**	**32 542 781**
Total As Of 31/12/2021		**22 132 212**	**12 432 595**	**34 564 808**

28. Loans And Credit Facilities (Continued)

***28.1* Ezz Steel Company (Holding Company)**

On January 18, 2015, the company signed an agreement with the National Bank of Egypt and the Arab African International Bank (security agent) to grant the company a joint long term loan amounted to EGP 1.7 Billion due within 7 years from the date of signing the contract, the purpose of the loan is to restructure the banks credit facilities granted to the company through paying the current liabilities due to the banks, according to the agreement the company will issue an official irrevocable power of attorney authorizing the security agent for itself and on behalf of the banks to conclude and register a first degree fond de commerce mortgage on the company including Sadat factory within six months from the first withdrawal date also the borrower should keep his share in the subsidiaries without any amendments, as will keeping some financial ratios and indicators that is specified in the loan agreement during the period of the agreement. It will be paid on 26 non-equal quarterly instalment, the first instalment accrued on August 2015 starting from the ending of first six months of the first withdrawal on February 5, 2015 with an average return of 3.5% above Corridor published from the Central Bank of Egypt paid every three months.

- The commission of arrangement and finance cover guarantee (transaction cost of the loan) is 7.5 per thousand amounting EGP 12.75 Million has been paid when the company got the loan.
- The company has benefited from the central bank of Egypt initiative related to postponing the credit maturities for six months, ending in December 15, 2020 and no additional fines or fees applied on postponing the payment based on the instructions of the Central Bank of Egypt on March 15, 2020 and it's appendixes, related to the precautious procedures against the effect of corona virus pandemic.
- During the year 2020 and after the end of the period of postponing payment of the interest according to the Central Bank initiative, the banks which granted the loans have modified the instalments with an amount of EGP 152 479 K according to an appendix of the loan, the amount represents the accrued interest on the loan balance for the period from 3/11/2019 to 31/3/2021` to pay the loan plus interest in 16 quarterly instalments starting from March 31, 2021 to December 31, 2024 , the interest rate was modified to 1.5% above the Corridor rate for the first year and 2% above the Corridor rate starts from second year from the date of activating the loan appendix.

***28.2* Al Ezz El Dekheila For Steel – Alexandria (Subsidiary)**

Medium & Long-Term Loans On December 31, 2022 (Amounts Presented In Million)

Banks	Loan Amount	Currency	No. Instalments	Maturity Date	Total In EGP
QNB	69.5	USD	26 Quarterly	August 31,2025	743.73
QNB	565	EGP	26 Quarterly	January 13, 2029	543.3
AAIB	61.5	USD	28 Quarterly	November 28, 2025	654.32
Bank Of Alexandria	50	USD	26 Quarterly	January 15, 2026	632.61
HSBC	12.5	EUR	12 Semi-annual	January 15, 2026	175.03
HSBC	80	EGP	12 Semi-annual	January 15, 2026	29.83
NBK	20	USD	26 Quarterly	August 28,2026	286.26
NBE	2131	EGP	20 Quarterly	June 15,2028	1897.29
Banque Du Caire	500	EGP/ USD	28 Quarterly	December 31,2028	480.17
EDBE	300	EGP	24 Quarterly	February 17, 2028	264
Total Medium & Long-term Loans In Addition To Instalments For The Year On December 31, 2022					**5706.54**

Medium-Term Credit Facilities On December 31, 2022. (Amounts Presented In Million)

Banks	Facility Amount	Currency	Renew Date	Total In EGP
NBE	800	EGP	October 17,2024	215.75
EBE	321	EGP/ USD	December, 2024	369.83
AAIB	171$	EGP/ USD	July, 2023	2511.07
Banque Du Caire	880	EGP/ USD	December, 2024	693.58
Banque Misr	4 000	EGP/ USD	June, 2025	2315.38
Total Medium Credit Facilities On December 31, 2022				**6105.61**

The company obtained long term loan amounted to EGP 2,131 Million from the national bank of Egypt to finance a part of investment cost of the project to build electric furnace in the integrated industrial compound in EL Ain El Sokhna, the loan will be paid on 20 quarterly instalments, the first instalment will start on September 15, 2023 and the last instalment on June 15, 2028, the loan balance at December 31, 2022 amounted to EGP 1,897 Million.

28. Loans And Credit Facilities (Continued)

28.3 Al Ezz Flat Steel (Subsidiary)

- The Royal Bank of Scotland (RBS) which replaced the National Westminster Bank acts as the inter-creditor agent for Al Ezz Flat Steel Company - a subsidiary - as well as an agent for the international syndicated loans in which nine banks participated. According to the loans agreements, the National Bank of Egypt acts as the Onshore Security Agent, and the Royal Bank of Scotland acts as the Offshore Security Agent, The most significant guarantees provided are represented in real-estate mortgage and commercial pledge on the land, the tangible and intangible assets of the company, a possessory pledge on the inventory and assignment of the company's rights stated in the contracts of construction, supply, technical support agreements and insurance policies in favour of the banks.
- The interests on the National Bank of Egypt (NBE) and SACE guaranteed loans is calculated in USD based on a variable interest rate related to LIBOR. The interests on Banque Misr loan is calculated in Egyptian pound based on Lending and discount rate declared by the central bank of Egypt.
- The balance of loan installments due in the course of one year on loan agreements is EGP 1.025 Million consisting of instalments due from the stoppage date to December 31, 2022
- The Banks-credit facilities amounting to EGP 1.095 Billion on 31/12/2022 is represented in the amount used from the facilities granted by the local banks in the Egyptian pound against several guarantees, the most significant of which is a pledge on the inventory, and joint guarantee from Al-Ezz El-Dekheila Steel Alexandria, assignment of all export proceeds to the banks and depositing all local sales revenues at banks, as well as concluding insurance policy covering theft and fire of inventory in favour of the banks, as well keeping some financial ratios and indicators, during the facility period based on an interest rate related to Corridor rate declared by the Central Bank of Egypt in addition to a commission on the highest debit balance.
- During year 2020, the above-mentioned credit facilities were rescheduled to be paid in 24 unequal quarterly installments according to specific percentages of the facility's balance starting from 31/3/2021 and ending on 31/12/2026.

28.4 Al Ezz Rolling Mills (Subsidiary)

- An approval has been made on December 10, 2020 to restructure debts by the banks participating in the long-term loan granted to the company for the purpose of establishing the reduced iron project, the restructuring includes the existing debts arising from A, B,and C sections and the calculated returns until December 31, 2020, with a maximum of 6.5 billion pounds and that the first instalment payment begins on March 31, 2021, with modifying the interest rate to become 1.5% above the corridor rate during the first year from the date of activation, then applying 2% above the corridor rate from the beginning of the second year from the activation date until the final maturity date, (instead of 3.5% above the corridor Lending to both section A, B and 1.75% above corridor lending to section C).
- The loan restructuring were activated on June 16, 2021.
- According to the commercial register of the company, there is a commercial pledge for the guarantee agent its self and on behalf on the borrowing banks on all the material and abstract, equipment, goodwill, and the industrial copyrights of the company.

29. Finance Lease

	Future Lease Payments		Deferred Interest		Present Value Of Lease Payments	
	31/12/2022 EGP,000	31/12/2021 EGP,000	31/12/2022 EGP,000	31/12/2021 EGP,000	31/12/2022 EGP,000	31/12/2021 EGP,000
Due Within One Year	119 357	115 347	36 055	42 026	83 302	73 321
Add						
Long Term Liabilities	253 025	357 095	43 866	65 884	209 159	291 211
Total Finance Lease Liabilities	**372 382**	**472 442**	**79 921**	**107 910**	**292 461**	**364 532**

- The company signed finance lease contracts (No.4537 & 4538) with Corplease (Leasing Company) as at June 27, 2016 to lease 2 floors in Nile Plaza Building for Eight years ending June 2024, the contracts provide the right to the company to own those assets at a predetermined value at the end of the contract year. On July 18, 2017, the company signed appendixes to these contracts to finance fixtures and finishes for one of the leased floors and adding it to the leased asset and amending the lease contract, for Eight years ending July 2025. On December 20, 2018, the company signed an appendix to these contracts to increase the finance related to the leased asset in a form of revaluation of that asset and modify the capital lease contracts, the repayment of the extra finance will be on 32 quarterly equally instalment starts from December 20, 2018 till December 20, 2026, The cost of acquiring these two floors has been included in the buildings item in the fixed assets of the company in accordance with the Egyptian Accounting Standard No. (49) Leasing contracts.
- On November 13, 2016, the company signed a finance lease contract (Contract no.4675) with Corplease (Leasing Company) to finance the fixtures and finishes for the floors that have been leased in Nile Plaza building for the period of Eight years ending November 2024.

29. Finance Lease (Continued)

- During December 2018, the company signed contracts of sale and lease back (Contract no.1) with HD company For Capital Lease for a piece of land of the lands owned by the company, and as per the contracts with the mentioned company, the lease is for 7 years ending December 25, 2025, and the contract gives the company the right to own the mentioned land at the end of the contract's period at predetermined amount in the contract. It has been determined that the above-mentioned contracts are not representing the sale of the plot of land. Accordingly, the plot of land has been re-recognized in the fixed assets and recognized a financial liability equal to the proceeds of transfer, that is in accordance with Egyptian accounting standard (49) Lease Contracts.
- During October 2020, an appendix has been concluded for the finance lease contracts mentioned above and that was based on the decrees taken by the Central Bank of Egypt as of March 16, 2020 as some installments were postponed for 6 months in addition to decreasing interest rates, where quarterly post-paid checks has been issued till March 2027 after recalculating deferred interests based on the new interest rates.

30. Long Term Liabilities

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000
Notes Payable	(24)	580 654	1 811 683
Investment creditors (the rest of the investment dues in the Egyptian Steel Company)		624 980	-
Liability Of The Supplementary Pension Scheme	(26)	193 075	221 242
Lending From Others	(30-1)	915 604	583 230
Fixed Asset Purchase Creditors	(30-2)	999 876	820 440
Present Value For The Long-Term Liabilities		**3 314 189**	**3 436 595**

30.1 Al Ezz Flat Steel Company – (subsidiary company) borrowed USD 37 Million equivalent to EGP 915.6 Million from Danieli Company based on a contract dated September 27, 2013 and the loan was used in full on October 1, 2013 to pay part of the loan due to the National Bank of Egypt (NBE), Banque Misr and the foreign banks virtue of the guarantee of SACE, thereof the interests of the loan are calculated based on variable interest rate related to LIBOR.

30.2 Fixed asset purchase creditors represented in the due to Danieli from the companies Ezz Falt Steel – subsidiary- and Ezz Rolling Mills -subsidiary- , on 27/1/2021 the company agreed with the mentioned supplier to reschedule the payment of the dues and the added interest according to the following:

The liability due to the supplier according to the purchase invoices in addition to the calculated interest on it starting from 1/11/2020 is paid in quarterly installments ends in 2026.

The settlement agreement includes that the supplier will waive the right to due interest which calculated on the liability of supplying machinery and equipment during the prior years for the period from the invoice due date until 31/10/2020, this is in case of the company paying all the quarterly installments based on the settlement agreement.

The company and Al Ezz El Dekheila for Steel- Alexandria signed joint guarantees in favor of the above-mentioned supplier to guarantee that the mentioned subsidiary companies would pay its dues stated in the settlement agreement.

31. Deferred Tax

31.1 Recognized Deferred Tax Assets & Liabilities

	31/12/2022		31/12/2021	
	Assets EGP,000	**Liabilities EGP,000**	**Assets EGP,000 Restated**	**Liabilities EGP,000 Restated**
Fixed Assets *	-	(3 684 456)	-	(3 536 057)
Provisions And Assets Impairment	134 497	-	107 722	-
Finance Lease Liabilities	14 685	-	20 487	-
Tax Losses*	1 054 216	-	1 095 816	-
Losses From Foreign Currency Translation	581 987	-	34 143	-
Tax On Unpaid Dividends	-	(258 226)	-	(66 426)
Gains From Foreign Currency Translation	-	-	-	(41 006)
	1 785 385	**(3 942 682)**	**1 258 168**	**(3 643 489)**
Net Deferred Tax (Liability)		**(2 157 297)**		**(2 385 321)**

31.2 Recognized Deferred Tax Charged To The Consolidated Statement Of Income:

	31/12/2022 EGP,000	31/12/2021 EGP,000 Restated
Net Deferred Tax *	(2 157 297)	(2 385 321)
Less/ (Add):		
Previously Charged Deferred Tax	(2 385 433)	(1 541 247)
Tax Liabilities Reconciliation	22 454	-
Deferred Tax *	**205 571**	**(844 074)**

* Restatement was made to some of the comparative figures as shown in note no. (40).

31.3 Unrecognized Deferred Tax Assets

	31/12/2022 EGP,000	31/12/2021 EGP,000
Impairment Loss On Receivables And Debtors	11 317	10 850
Provisions	132 341	101 084
Tax Losses	481 120	1 017 681
	624 798	**1 129 615**

Deferred tax assets have not been recognized in respect of the above items due to uncertainty of the utilization of their benefits in the foreseeable future.

32. Related Parties Transactions

The company conducts commercial transactions with related parties. The following is the most important of these transactions and related balances:

	Nature Of Transaction	Transaction Volume During The Year EGP,000	Balance As Of 31/12/2022 Debit/(Credit) EGP,000	Balance As Of 31/12/2021 Debit/(Credit) EGP,000 Restated
32.1 Items Included In Trade And Notes Receivable				
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)	Sales	437	9 297	9 048
			9 297	**9 048**
32.2 Items Included In Debtors And Other Debit Balances				
- Gulf Of Suez Development Company (Affiliated Company)		-	11	91
- Al Ezz For Ceramics And Porcelain (GEMMA) (Affiliated Company)	Rent	730	28 487	24 175
	Sales	598		
	Purchase	34		
			28 498	**24 266**
32.3 Items Included In Creditors And Other Credit Balances				
- Al Ezz Group Holding Company For Industry & Investment			(56 584)	(71 294)
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)			(12)	(30)
			(56 596)	**(71 324)**

33. Contingent Liabilities

33.1 Contingent liabilities are represented in the amount of the letters of guarantee which are not covered that were issued by the Company's banks and subsidiaries in favour of others and the uncovered letters of credit, detailed as follows:

	31/12/2022 Equivalent EGP,000	31/12/2021 Equivalent EGP,000
Letters Of Guarantee	343 769	25 172
Letters Of Credit	6 416 049	2 691 394

The letters of guarantee fully covered issued by the banks of the company and its subsidiaries in favour of others on December 31, 2022 amounted to EGP 165 K (against EGP 1 315 K as of December 31, 2021 fully covered) (Note no.18).

33.2 The settlement agreement with one of the foreign suppliers (Note no.30-2) includes the supplier claims Al Ezz Flat Steel (subsidiary company) for interest that will be calculated in agreement with the company on the liability of supplying spare parts during previous years amounted to 15 483 K Euro which is stated in the suppliers balance as of 31/12/2022 from the invoice due date until 31/10/2020, this is in case of the company does not pay all the liabilities stated in the settlement agreement in the due dates.

34. Capital Commitments

- The capital Commitments of El Ezz steel as of December 31, 2022 amounted to EGP 6.27 Million,
- The capital Commitments of El Ezz El Dekhaila as of December 31, 2022 amounted to EGP 72.78 Million, (whereas the amount as of December 31, 2021 is EGP 33 Million).

35. Tax Position

35.1 Ezz Steel Company

35.1.1 Corporate Tax

- The Company enjoyed tax exemption according to article No. (24) from Law No. (59) for 1979 related to development of the new urban communities, the Company was granted a tax exemption for a period of ten years which started on January 1, 1997 and ended on December 31, 2006.
- The Tax Authority inspected the Company's books until December 31, 2017 and there are no outstanding dues or tax disputes.
  - The company submitted tax returns for the years 2018:2020 under Law No. 91 of 2005 on the due legal dates, currently the tax inspection is being inspected for those years.
  - The company submitted the tax return for 2021.

35.1.2 Sales Tax & VAT

- The Tax Authority inspected the Company's books until year 2015 and the company paid the tax differences in full.
- The tax inspection was done for years 2016/2020 and differences were settled by deducting from the company's credit balance in the VAT return.
- Tax returns are submitted according to Value Added Tax law on the due legal dates.
- The company submitted the tax return for 2021.

35.1.3 Salary Tax

- The tax inspection was done till 2018 and there are no outstanding due.
- The tax inspection was done for years 2019/2020 and the settlement and payment in progress.
- Years 2021/2022, the company deducts and pay tax.

35.1.4 Stamp Tax

- The tax inspection was done till 2018 and there are no outstanding due.

35.1.5 Property Tax

- The tax assessment issued and paid up to 31/12/2021.

35.2 Al Ezz Rolling Mills Company

35.2.1 Corporate Tax

- The Company established its factory in the 10th of Ramadan City and according to the article No. (24) of Law No. 59 for 1979 relating to the development of new urban communities, the Company is tax exempted til December 31, 1999.
- The Tax Authority inspected the Company's books until 2017 and there are no any due amounts on the company, the tax inspection has resulted in approved tax losses amounting to EGP 73 862 K in 2016 and EGP 1 321 347 K in 2017
- The tax return was submitted on its legal date for years 2018 till 2021 according to the income tax law No. 91 for 2005 and its amendments The tax losses, according to the submitted declarations, amounted to EGP 939 153 K in 2018, the amount of EGP 1 846 897 K in 2019, and the amount of EGP 1 794 425 K in 2020, and the amount of EGP 757 241 K in 2021.

35.2.2 Sales Tax & VAT

- The Tax Authority inspected the Company's books until 2018 and the taxes due were paid.
- The years 2019 and 2020 inspected and the original tax paid until the final settlement.
- Years 2021, The monthly tax returns are summited on their legal due dates.

35.2.3 Salary Tax

- The Company's books have been inspected until year 2015 and the taxes due were paid and there are no outstanding dues on the company.
- The Tax Authority inspected the Company's books for year 2016 till 2018 and disputes are being resolved by the Internal Committee.
- The years from 2019 to 2020 have been inspected, and the final payment and settlement are in progress.
- The company deducts and submits its tax.

35.2.4 Stamp Tax

- The Tax Authority inspected the Company's books until year 2020 and all disputes were settled and there are no outstanding dues.
- The company deducts and submits its tax.

35.2.5 Property Tax

- The tax assessment issued and paid up to 31/12/2022.

35.3 Al Ezz El Dekheila For Steel – Alexandria Company

35.3.1 Corporate Tax

- The Company's books have been inspected until year 2017 and there are no outstanding dues on the company.
- The tax inspection for years 2018 and 2020 is in progress.
- **The situation of tax disputes:**
- The period 2000-2004: for the exemption of flat steel project amounted to EGP 254 Million, The ruling of the Court of Appeal in Case No. 268 of 74 BC was issued in favour of the company, invalidating the "corporate tax forms 3 , 4 issued with numbers 1380-1381-1382-1383, on 17/2/2011, and follow-up is underway with the Center for major taxpayer to implement the ruling.
- The period 2005-2006: for the exemption of flat steel project (5th year) amounted to EGP 215 Million, the dispute is currently submitted to administrative court.

35.3.2 Salary Tax

- The tax inspection for the years until 2016 were done and there are no outstanding.

  - **From 2017 Till 2019 :**
- The inspection has been done, the company was informed by the form no. 38 payroll on 20/05/2022, The company submitted a request to benefit from Law 153 of 2022 to write off 65% of the delay fee and the tax differences has been paid.

35.3.3 Sales Tax & VAT

Years From The Inception Date Till 2020:

The inspection and tax assesment have been done by the tax authority, disputes have been ended, the due amounts have been paid and there are no tax claims.

- **The Situation Of Tax Disputes:**

2008-2012: The additional tax on the accrual of the sales tax retroactively on iron oxide ore as the tax is refundable in the amount of EGP 108 million, and the judgment was issued in favour of the company rejecting the sub-lawsuit filed by the Ministry of Finance and the debt department of the major financiers center cancelled the claim.

35.3.4 Stamp Tax

- The Tax Authority inspected the Company's books until year 2016 and all disputes were settled and there are no outstanding dues.

From 2017 Till 2020:

These years were inspected and the company has been informed by the form no 19 on 28/2/2022 with an amount EGP 7 173 K but it was appealed on 24/3/2022, The internal committee was established on 18/05/2022, where the tax was reduced to EGP 2 938K, and the full due amounts have been paid.

35.3.5 Property Tax

- The decision of the committee of tax dispute settlement approved by the Minister of Finance was issued to reduce the annual real estate tax from EGP 17 million to EGP 10.7 million, and a settlement was made with the real estate taxes Agami, and the tax paid until December 31, 2021.
- The re-estimation of property tax as stated in law no 196 for the year 2008 and the reckon of property every five years leads to an increase in annual tax from LE 10.7 million to be EGP 12.3 million starting from 1/1/2022 which represent a percentage of 15% increase .
- The company submitted a request to the Agamy Real Estate Taxes Authority in order to benefit from the Prime Minister's Resolution No. 61 of 2022 that the Ministry of Finance bears the tax on real estate built for industrial sectors.

35.4 Al Ezz Flat Steel Company

35.4.1 Corporate Tax

- In the light of issuing Law No. 114 of 2008 on May 5, 2008, the private free zones license was being cancelled and the company become subject to corporate tax from that date.
- The Tax Authority inspected the Company's book from the commencement of activity until 2018 and resulted in tax losses.
- Years 2019 to 2021 The tax return was submitted on the legal time, in accordance with the provisions of the Income Tax Law No. 91 of 2005 and its amendments.

35.4.2 Salary Tax

- The tax inspection was made and there are no tax claims on the company since the beginning of the business till 2019.
- Years from 2020 to 2021, the company deducts and submits the tax, and the Tax authority has not carried out the tax examination to date.

35.4.3 Sales Tax & VAT

- The Tax Authority inspected the Company's books until 31/12/2020, tax assessment issued and paid up at legal date and there are no dues.
- The company submits the monthly tax return on the legal due dates and the inspection for year 2021 hasn't been requested by the tax authority yet.

35.4.4 Stamp Tax

- Tax inspection was issued and made until 2020 and there are no claims on the Company.
- Years from 2021, the company submits the tax due on the legal dates.

35.4.5 Real Estate Tax

- Tax assessment issued and paid until December 31, 2022.

36. Financial Instruments & Risk Management

36.1 Financial instruments

The Company's financial instruments are represented in cash and cash equivalents; trade receivables, debtors, investments, trade payables, notes payable, creditors, loans and bank credit facilities, and finance lease liabilities, book value of these financial instruments does not differ significantly from its fair value at the financial position date.

36.2 Interest Rate Risk

The interest risk is represented in the interest rates changes on the company's debts, represented in loans (before deducting issuance cost) and credit facilities; finance lease liabilities which amounted to EGP 33 830 765 K as of December 31, 2022 (EGP 35 620 632 K as of December 31, 2021). Financing interest and expenses related to these balances amounted to EGP 3 363 026 K during the year (EGP 3 391 597 K during the previous year). Restricted time deposits and current accounts amounted to LE 1 164 324 K as of December 31, 2022 (EGP 376 219 EGP as of December 31, 2021), interest income related to these time deposits and current accounts amounted to EGP 414 174 K during the current year (EGP 136 838 K during the previous year).

The company works on getting the best terms available in the market regarding the credit facilities to mitigate this risk, also the company reviews the prevailing interest rates in the market periodically that reduces the interest rate risk.

36.3 Credit Risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the financial position date is:

	Note No.	31/12/2022 EGP,000	31/12/2021 EGP,000
Long Term Lending To Others	(14)	57 507	47 632
Trade & Notes Receivables	(17)	6 639 883	4 795 988
Debtors & Other Debit Balances	(18)	6 221 073	5 849 788
Suppliers - Advance Payments		581 266	802 659
Investments In Treasury Bills		518 189	132 261
Cash & Cash Equivalents	(20)	13 160 585	3 431 362

36.4 Foreign Currency Risk

The foreign currency risk represents the risk of fluctuation in exchange rates which in turn affects the Company's cash inflows and outflows in foreign currency as well as the value of its foreign currencies monetary assets and liabilities. The Company has foreign currency monetary assets and liabilities equivalent to LE 3 203 272 K and LE 25 876 121 K respectively as at the date of financial position.

As shown in (Note no. 41-1) "Foreign currency translation", the balances of monetary assets and liabilities denominated in foreign currencies shown above were valued using the prevailing exchange rate of the banks that the Company deals with at the financial position date.

The following is a statement of net foreign currency balances and the exchange rates used at the date of financial position:

Foreign Currency	(Deficit)/Surplus In Thousands	Closing Rate As Of: 31/12/2022	31/12/2021
US Dollars	(860 805)	24.7100	15.7400
Euro	(52 144)	26.3631	17.8791

37. The Litigation Status

Workers Lawsuits Regarding Profits

All lawsuits filed against the company by employees whose services have ended in the company have been resolved, and there is one lawsuit still in circulation regarding profit differences and previous years' bonuses.

38. Other Topics

Alexandria Port Authority

The Following Is An Explanation Of The Existing Disputes And Issues With The Alexandria Port Authority

- Case related to the Authority's claim for sales tax and delay fine on the trading category.
- The lawsuit related to the authority's claim for the right to use the mining ores berth equipment and related to the handling of raw materials in the port of Dekheila.
- The lawsuit filed by the company against both the Port Authority and the Tax Authority to claim the refund of what was collected from the company under the name of sales tax for the period from February 15, 2003 to December 31, 2013.
- The lawsuit filed by the company requesting a refund of what was collected under the name of sales tax on the consideration for the usufruct license for the period from January 2014 to December 2016.
- At its first meeting of 2022, on January 26, 2022, the Board of Directors of Al-Azz Dekheila Steel Company-Alexandria agreed that the company would amicably settle existing disputes and issues with the Alexandria Port Authority, in order to ensure a speedy end to the dispute with the Port Authority.

39. significant Events

39-1 The world was hardly recovering from the negative effects of the Corona virus, Covid 19, to enter into a wave of negative effects, which led to the slowdown of many major economies in the past period, which led to a combination of high global prices for basic commodities, supply chain disruptions and high shipping costs, in addition to fluctuations in the global economy. Financial markets in emerging countries, which led to inflationary pressures that affected the economies of many countries, including the economy of the Arab Republic of Egypt. The war between Russia and Ukraine led to a decrease in foreign exchange flows from tourism as well as from foreign direct investment, which resulted in a rise in prices in general.

This increase in international prices put additional pressure on the local currency (the Egyptian pound), which necessitated the intervention of the Central Bank to raise the interest rate on the Egyptian pound and move the exchange rate during the month of March 2022, and this move resulted in a decrease in the value of the Egyptian pound against the US dollar during that period. By more than (18%), which resulted in the companies that have large obligations balances in foreign currency, whether short-term or long-term, affected by large losses as a result of re-translation of these balances according to the exchange rate after moving it.

These losses were largely reflected in the results of the business of these companies in the income statement (profit or loss statement) and affected the financial performance of these companies.

39-2 According to the decision of the Central Bank of Egypt in its meeting held on 27 October 2022, the application of the flexible exchange rate system for the Egyptian pound against foreign currencies was announced, resulting in a significant increase in the exchange rates of all foreign currencies against the Egyptian pound.

The company's management decided to apply paragraph "7" only of the optional accounting treatment by capitalizing about 994 million pounds on the cost of assets eligible for capitalization in Al-Ezz Flat Steel Manufacturing Company, and charging about 3,472 billion pounds to the consolidated income statement.

40. Comparative figures

During the current year, the company consolidated the financial statements of Ezz Medical Industries (S.A.E) - a subsidiary - which was established on August 11, 2020. On August 2, 2022, the subsidiary issued its first financial statements for the financial period from the beginning of Establishment until December 31, 2021, and accordingly the balances of the comparative figures were adjusted in the consolidated financial statements. The following is the impact of the amendment on the comparative figures of the financial statements.

First: the impact on the statement of consolidated balance sheet

	31/12/2021 As previously Debit/(Credit) EGP 000	Restated Debit/(Credit) EGP 000	31/12/2021 Restated Debit/(Credit) EGP 000
Fixed Assets (Net)	22 202 469	39	22 202 508
Long Term Investments	5 621	(1 500)	4 121
Deferred Tax Assets	1 258 053	115	1 258 168
Debtors And Other Debit Balances	5 849 771	17	5 849 788
Cash And Cash Equivalents	3 479 155	2 137	3 481 292
Retained Losses	11 901 253	205	11 901 458
Non-Controlling Interest	(4 162 472)	(789)	(4 163 261)
Deferred Tax Liabilities	(3 643 486)	(3)	(3 643 489)
Creditors And Other Credit Balances	(2 686 292)	(221)	(2 686 513)

Second: the impact on the consolidated statement of income

	31/12/2021 As previously Debit/(Credit) EGP 000	Restated Debit/(Credit) EGP 000	31/12/2021 Restated Debit/(Credit) EGP 000
Administrative And General Expenses	1 403 979	528	1 404 507
Deferred Tax	844 186	(112)	844 074

41. Significant Accounting Policies For The Consolidated Financial Statements

The following accounting policies have been applied consistently by the group's companies during all presented periods in these Consolidated Financial Statements.

41.1 Foreign Currency Translation

The group maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are translated at foreign exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated at the foreign exchange rates prevailing, at that date. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at that date of the transaction. Foreign currency differences arising on the translation are recognized in the consolidated statement of income at the financial position date in consolidated statement of income.

The presentation of the financial statements of Al Ezz Flat steel (subsidiary company) to be in the Egyptian pound instead of the US dollar starting from the date 31/12/2020. This is due to the fact that the Egyptian pound has become the currency in which most of the company's sales are made as well as the financing needed for operations.

41.2 Fixed Assets & Depreciation

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation - except rolling rings - is charged to the consolidated statement of income on straight-line basis over the estimated useful lives of assets. The management of the company regularly reconsiders the remaining useful lives of the fixed assets in order to determine whether they match the previously estimated useful lives and if there is a significant difference, the assets depreciation will be calculated in accordance with the remaining estimated useful life.

Leased fixed assets (The assets that ownership of the assets will be transferred to the lessee by the end of the lease contract) are recognized at cost in the beginning of lease contract, after the beginning of the lease contract the value of the leased fixed assets is determined at cost less the accumulated depreciation and the accumulated impairment loss and adjusted by any adjustments to the lease liability, the leased fixed assets is depreciated using straight line method over the estimated useful life of assets which are mentioned below.

41. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

During 2016, modified cost model was adopted by the group, which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS No. (13). The increase of net fixed assets which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adaption of the special accounting treatment).

The estimated useful life for each type of assets is as follows:

Asset	Estimated Useful Life Years
Buildings	
– Buildings	25 – 50
– Other Buildings	8
Machinery & Equipment	
– Machinery And Equipment	5 – 25
– Rolling Rings (Machinery And Equipment)	According to actual use (ERM 5-6)
Vehicles	2 – 5
Furniture & Office Equipment	
– Furniture And Office Equipment	3 – 10
– Central Air Conditioning And Fixtures	8
Tools & Appliances	4 – 5
Improvements On Leased Buildings	The lower of lease term or assets' useful lives

Profits or losses resulting from fixed assets disposal are charged to the consolidated statement of income.

41.3 Cost Subsequent To Acquisition

The replacement cost of an asset component is recognized in the asset cost after the elimination of the cost of this component when such cost is incurred by the company and in case it is probable that future economic benefits shall inflow to the group as a result of the replacement of this component conditional on the ability to measure its cost with a high level of accuracy. However, the other costs are to be recognized in the consolidated statement of income as an expense when incurred.

41.4 Projects Under Construction

Projects 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 fixed assets at its cost when they are completed and are ready for their intended use.

41.5 Other Assets

- Other assets are licenses cost which are capable of generating future economic benefits.
- Other assets are stated at purchased cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization and impairment losses.

41.6 Investments Available-For-Sale

Available-for-sale investments are initially measured at fair value and as of the Consolidated Financial Statements date, the change in the fair value whether gain or loss is recognized directly in equity, except for impairment losses which are transferred to profit or loss. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value for available-for-sale investments is identified based on the quoted price of the exchange market in an active market at the consolidated financial position date, except for investments which are not quoted in a stock exchange in an active market, in this case they are measured at cost net of impairment loss.

41.7 Investments In Treasury Bills

Investments in treasury bills are stated in the financial statements are initially measured at fair value and subsequently measured by depreciated cost, the difference between acquiring cost and the realizable value during the period is amortized from acquiring date to maturity date using actual interest rate.

41.8 Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets acquired at the date of acquisition. Goodwill is tested for impairment at consolidated financial position date. If events or changes in circumstances indicate that the goodwill might be impaired, impairment loss "If any" is charged to the consolidated statement of income for the period.

41. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

41.9 Inventory

Inventory is valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- Raw materials: is valued at its cost up to bringing them to warehouses, and the outgoing is evaluated using the first in first out method.
- Spare parts, materials, and supplies are valued at cost up to bringing them to warehouses, and the outgoing is evaluated using the weighted average method.
- Work in process: according to the actual manufacturing cost which includes direct materials and labor cost in addition to share of indirect manufacturing cost incurred until the last production stage reached.
- Finished products: according to the actual manufacturing cost according to costs' statements.

41.10 Trade & Notes Receivables & Debtors

Trade and notes receivable and debtors are initially stated at their fair value and subsequently measured by depreciated cost using the effective interest rate and reduced by estimated impairment losses from its value.

41.11 Cash & Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash balances, banks current accounts, time deposits, market money fund bills and treasury bills which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the Group's cash management preparing are included as a component of cash equivalents. The consolidated statement of cash flows is prepared and presented according to indirect method.

41.12 Trade & Notes Payable & Creditors

Trade and notes payable and creditors are primary stated at fair value and subsequently measured by depreciated cost using the actual interest rate.

41.13 Impairment Loss On Assets

A. Non-Derivative Financial Assets

Financial Instruments & Assets Arising From The Contract

The company recognizes loss allowances for expected credit losses for the following:

- financial assets measured at amortized cost;
- investments in debt instruments that are measured at fair value through other comprehensive income; And the Assets arising from the contract.

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

- debt instruments that are identified as having low credit risk at the reporting date; And the
- Other debt instruments and bank balances in which the credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since the first recognition.

Provisions for losses of commercial customers and contract assets are always measured at an amount equal to the expected credit losses over their life.

- In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportive 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 known credit assessment, including forward-looking information.
- The company assumes that the credit risk of the financial asset has increased significantly if it is more than 30 days past due.

The Company Considers A Financial Asset To Be In Default When:

It is unlikely that the borrower will pay its credit obligations to the group in full, without resorting to the company by measures such as liquidating the guarantee (if any); Or the financial asset is more than 90 days old.

The Company considers debt instruments to have low credit risk when their credit risk rating is equal to the globally understood definition of "investment grade".

Life expectancy credit losses are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.

12-month ECL is the portion of ECL that results from failure events that are possible within a 12-month period after the reporting date (or a shorter period if the instrument has an expected life of less than 12 months). The maximum period considered when estimating Expected credit losses and the maximum contractual period in which the company is exposed to credit risk.

41. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

Measuring Expected Credit Losses

It is a probability-weighted estimate of credit losses. The present value of all cash shortfalls is measured (that is, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Expected credit losses are discounted at the financial asset's effective interest rate.

Credit Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments measured at FVOCI are credit impaired. The financial asset is considered "credit impairment",

When one or more events that have a detrimental effect on the estimated future cash flows of the financial asset occur.

Evidence that financial assets are credit impaired includes observable data.

Significant financial difficulty for the lender or issuer and

Breach of contract such as failure or overdue for a period greater than 90 days and

- the restructuring of a loan or advance by the company on terms that the company will not take into account in one way or another; And the

It is possible that the borrower will enter bankruptcy or other financial reorganization; or

The disappearance of an active stock market due to financial difficulties.

Disclosure The Provision For Expected Credit Losses In The Statement Of Financial Position

The loss allowance for financial assets measured at amortized cost is deducted from the total carrying amount of the assets.

For securities in debt securities that are measured at fair value through other comprehensive income, the loss allowance is charged to the profit or loss and is recognized in other comprehensive income.

Execution of Debt

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering all or part of the financial asset. For individual clients, the Company has a policy of writing off the total gross book value when the financial asset is more than two years past due based on previous experience in recovering similar assets. For corporate clients, the Company makes an independent assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company does not expect any significant refund of the amount written off. However, financial assets that have been written off may still be subject to liability activities in order to comply with the Company's procedures for recovering amounts due.

B.Non-Financial Assets

At the end of each fiscal year, the company reviews the book values of the company's non-financial assets other than inventory, work in progress, and deferred tax assets to determine whether there is any indication of impairment. If this is the case, the company makes an estimate of the recoverable value of the asset.

To perform an impairment test for an asset, assets are grouped together into the smallest group of assets that includes the asset and that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets - cash-generating units.

The recoverable amount of an asset or cash-generating unit is its fair value less costs to sell or its value in use, whichever is greater. The value in use of an asset is the present value of the expected future cash flows discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is recognized if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount, the impairment loss is recognized in profit or loss. On the basis of the book value of each asset in the unit. For other assets, impairment losses are reversed to the extent that the carrying amount that would have been determined (net of depreciation and amortization) had not been recognized for the impairment loss for the asset in prior years.

41.14 Interest-Bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost on an effective interest basis with any difference between cost and redemption value being recognized in the consolidated statement of income.
Borrowing cost of financing fixed assets are capitalized to finance qualified fixed assets during the construction period till the asset is reachable for use from the economical view.

41.15 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The provisions balances are reviewed on a going basis at the financial position date to disclose the best estimate on the current period.

41. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

41.16 Share Capital

Repurchase Of Share Capital

Upon the repurchase of issued capital shares of the company (whether direct way or by using one of its subsidiaries), it is recognized with the amount paid in return for the repurchase, process which includes all direct costs and all costs related to repurchasing, as a reduction in owners' equity, and it shall be classified as treasury stock deducted from the total owners' equity side.

41.17 Revenues

a)Sales Revenue Recognition.

- Revenue is recognized when the Company has transferred to the customer the significant risks and rewards of ownership of the goods and invoice issuance. And it is probable that the economic benefits associated with the transaction will flow to the Company, and determine the costs related to selling and returned goods in trusted way with the inability of the company's management to make any letter effects on selling goods with the possibility of trusted revenue measuring, In the case of export sales, the transfer of control is extended to the goods sold in accordance with the shipping conditions.

Egyptian Accounting Standard No. (48) - Revenue From Contracts With Trade Receivables

- Egyptian Accounting Standard No. (48) defines a comprehensive framework for determining the value and timing of revenue recognition, and this standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts").
- Revenue is recognized when the Trade Receivables is able to control the goods or services. Determining when to transfer control over a period of time or at a point in time requires a degree of personal judgment.
- The incremental costs of obtaining a contract with a Trade Receivables are recognized as an asset if the company expects to recover those costs.

b) Dividends

Dividends income is recognized in the consolidated income statement on the date where the company has the right to receive investees' dividends occurred after the date of acquisition.

c)Interest Income

Interest income is recognized in the profit or loss as it accrues using the effective interest rate method.

41.18 Lease Contracts

Finance Lease Contracts

A leased asset is recognized in the company's assets, also recognize a liability that represents the present value of the unpaid finance lease installments in the company's liability.

Finance Lease Contracts (Sell And Lease Back)

If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for sales transaction or not, in case of not being sales transaction the lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

Operating Lease Contracts

Leases are classified as operating leases. Payments in respect of operating leases are charged to statement of income as expenses payments in on a straight-line basis over the lease term. (Net of value of any lease discount incentive and rent-free periods).

41.19 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

41.20 Income Tax

Income tax on the profit or loss for the period comprises current income tax and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income, using tax rates enacted or substantially enacted at consolidated financial position date.

Deferred tax is provided using the financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized during the upcoming periods.

41. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

41.21 Grants Related To Assets

Grants related to fixed assets are recognized as deferred income and are recognized as income in accordance with the terms of the grant. Deferred income balance is presented in long-term liabilities after deduction of deferred income due during the period, which is shown under current liabilities.

41.22 Employee Benefits

The company contributes inside Egypt in Social Insurance under the Social Insurance Authority for the benefits of its personnel in pursuance to the Social Insurance Authority law No. 79 of 1975 and its amendments. These contributions recorded in the 'salaries and wages' accounts, in addition to end of service benefits as shown in note no.(10).

41.23 Financial Risk Management

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

* Credit risk
* Liquidity risk
* Market risk

This note presents information about the Group's exposure to each of the above risks, the Group objectives, policies and processes for measuring and managing risks, and the Group management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework.

The Group risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

41.23.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

This risk is mainly resulting from the Group's trade and other debtors.

- **Trade Receivable & Other Debtors**
  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 has less of an influence on credit risk.
  Most of Group's revenue is represented in sales transaction with many customers with close values for each customer, hence, there is no concentration of credit risk on specific customers.
- **Cash And Cash Equivalents**
  Credit risk relating to cash and cash equivalents - except cash on hand - and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, whenever possible, the Group conducts transactions and deposits funds with financial institutions with high investment grade.

41.23.2 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.

The Group ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

41.23.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign currency 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 optimising the return.

- **Currency Risk**
  The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to face un-balanced short term.

- **Interest Rate Risk**
  The Group is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.
  The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the Group's perception of future interest rate movements.

41. Significant Accounting Policies For The Consolidated Financial Statements (Continued)

- **Other Market Prices Risk**
  This risk arises from changes in the price of available-for-sale investments held by the Group, the Group's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximize investment returns and the management consults external advisors in this regard.

41.23.4 Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Boards of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, the Board also monitors the level of dividends paid to shareholders. There were no changes in the Group's approach to capital management during the period. The Group is not subject to externally imposed capital requirements.

42. Egyptian Accounting Standard No. (47) Financial Instruments

The Egyptian Accounting Standard No. 47 sets out requirements for the recognition and measurement of financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard replaces EAS No. 25 Financial Instruments: Presentation and Disclosure, FAS No. 26 Financial Instruments: Recognition and Measurement, and EAS No. 40 Financial Instruments: Disclosures applicable to disclosures for the year 2021.

A- Classification & Measurement Of Financial Assets & Financial Liabilities

The new standard requires the company to evaluate the classification of financial assets in its financial statements according to the cash flow characteristics of the financial assets and the company's relevant business models for a particular class of financial assets.
Egyptian Accounting Standard No. 47 no longer has an "available-for-sale" classification for financial assets. The new standard contains different requirements for financial assets in debt or equity instruments.

B- Debt Instruments Are Classified & Measured In One Of The Following Ways:

amortized cost, for which the effective interest rate method or. will be applied
Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss on sale of the financial asset or fair value through profit or loss.

C- Classification & Measurement Of Investments In Equity Instruments Other Than Those Considered & Applied To Equity Accounting In One Of The Following Ways:

Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss on sale of the financial asset, or fair value through profit or loss.
The company continues to initially measure financial assets at fair value plus transaction costs upon initial recognition, with the exception of financial assets measured at fair value through profit and loss in accordance with current practices. The classification of the majority of financial assets was not affected by the transition to Egyptian Accounting Standard No. 47 on January 1, 2021. Statement of reclassification made upon transition to Egyptian Accounting Standard No. 47 explained above In this note, Egyptian Accounting Standard No. 47 largely maintains the same existing requirements in Egyptian Accounting Standard No. 26 for classification and measurement of existing liabilities. The application of Egyptian Accounting Standard No. 47 did not have a material impact on the company's accounting policies related to financial liabilities and derivative financial instruments.

D- Impairment

The Egyptian Accounting Standard No. 47 uses the expected credit loss model. Which replaces the actual loss model in the Egyptian Accounting Standard No. 26, where there was no need to create a provision for doubtful debts, except in cases where a loss actually occurred. On the contrary, the expected credit loss model requires the company to recognize a provision for doubtful debts on all financial assets carried at amortized cost, as well as debt instruments classified as financial assets at fair value through other comprehensive income since the first recognition, regardless of whether the loss occurred.