

EDITA FOOD INDUSTRIES S.A.E.

REVIEW REPORT AND
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
31 March 2023

EDITA FOOD INDUSTRIES S.A.E.

**Condensed Separate Interim financial statements - For the three months period ended 31
March 2023**

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Review Report

To: The Board of Directors of Edita Food Industries Company (S.A.E)

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Edita Food Industries (S.A.E) comprised of the condensed separate interim statement of financial position as of March 31, 2023, and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. 30. Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Egyptian Standards on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects the financial position of Edita Food Industries (S.A.E) as of March 31, 2023; and of its financial performance and its cash flows for the three-months then ended in accordance with Egyptian Accounting Standard No. 30 "Interim Financial Reporting".

Cairo, May 29, 2023

Kamel M. Saleh FCA
F.E.S.A.A. (R.A.A. 8510)

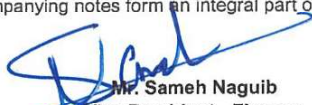


EDITA FOOD INDUSTRIES S.A.E.

Condensed Separate interim statement of financial position as of 31 March 2023

	Note	31-Mar-23 EGP	31-Dec-22 EGP
Assets			
Non-current assets			
Property, plant and equipment and projects under constructions	(3)	1 884 821 132	1 872 216 344
Intangible assets		183 723 676	185 533 682
Investments in subsidiaries	(4)	184 674 445	184 674 445
Total non-current assets		2 253 219 253	2 242 424 471
Current assets			
Inventories (net)	(5)	1 041 218 966	804 189 765
Debtors and other debit balances		241 033 059	330 175 733
Due from related parties		149 192 745	109 337 659
Treasury bills	(6)	1 194 779 566	894 641 441
Cash and bank balances	(7)	260 548 263	243 188 704
Total current assets		2 886 772 599	2 381 533 302
Total assets		5 139 991 852	4 623 957 773
Equity and liabilities			
Equity			
Issued and Paid-up capital	(8)	144 611 688	144 611 688
Legal reserve	(9)	72 536 290	72 536 290
Treasury shares	(8)	(160 827 557)	(160 827 557)
Retained earnings		2 266 768 229	2 392 289 206
Total equity		2 323 088 650	2 448 609 627
Liabilities			
Non-current liabilities			
Borrowings	(10)	206 431 827	260 499 719
Deferred government grant	(10)	6 179 316	7 125 765
Employee benefit obligations		32 407 420	33 396 656
Deferred tax liabilities, net		185 960 632	186 357 278
Total non-current liabilities		430 979 195	487 379 418
Current liabilities			
Provisions	(11)	56 607 824	51 420 223
Bank overdraft	(12)	338 878 458	486 688 869
Trade and notes Payables		536 599 573	548 223 717
Creditors Other Credit balances		699 859 176	176 173 966
Due to related parties		293 128 170	103 830 983
Borrowings	(10)	213 857 362	161 934 467
Deferred government grant - Current portion	(10)	3 883 225	4 111 485
Current income tax liabilities		243 110 219	155 585 018
Total current liabilities		2 385 924 007	1 687 968 728
Total liabilities		2 816 903 202	2 175 348 146
Total equity and liabilities		5 139 991 852	4 623 957 773

- The accompanying notes form an integral part of these condensed separate Interim financial statements.


Mr. Sameh Naguib
 Vice President - Finance


Eng. Hani Berzi
 Chairman

- Review report attached

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of profit or loss
For the three months ended 31 March 2023

	Note	The three months period ended	
		31-Mar-23	31-Mar-22
		<u>EGP</u>	<u>EGP</u>
Revenue	(15)	2 242 567 845	1 291 914 241
Cost of sales	(16)	<u>(1 671 015 627)</u>	<u>(915 581 343)</u>
Gross profit		571 552 218	376 332 898
Other expenses - Net		(3 386 170)	(603 573)
Distribution cost	(16)	(79 454 579)	(92 022 301)
Administrative expenses	(16)	(126 659 004)	(65 268 142)
Inventory write-down provision	(5)	(945 000)	(876 154)
Provisions	(11)	(5 261 278)	(543 843)
Employee benefit obligations provision		(2 010 764)	(1 500 000)
Interest income		52 975 113	23 339 521
Foreign Exchange Gain/(Loss)		40 691 782	(4 569 548)
Finance cost		<u>(23 829 645)</u>	<u>(14 041 322)</u>
Profit for the period before tax		423 672 673	220 247 536
Income tax expense		<u>(96 493 650)</u>	<u>(50 519 609)</u>
Net profit for the period		<u>327 179 023</u>	<u>169 727 927</u>
Basic earnings per share	(13)	<u>0.46</u>	<u>0.23</u>
Diluted earnings per share	(13)	<u>0.46</u>	<u>0.23</u>

- The accompanying notes form an integral part of these condensed separate periodic financial statements.

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of comprehensive income
For the three months ended 31 March 2023

	The three months period ended	
	<u>31-Mar-23</u>	<u>31-Mar-22</u>
	<u>EGP</u>	<u>EGP</u>
Net profit for the period	327 179 023	169 727 927
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>327 179 023</u>	<u>169 727 927</u>

- The accompanying notes form an integral part of these condensed separate periodic financial statements.

EDITA FOOD INDUSTRIES S.A.E.

**Condensed Separate interim statement of changes in equity
For the three months ended 31 March 2023**

<u>Note</u>	<u>Share capital</u> <u>EGP</u>	<u>Legal reserve</u> <u>EGP</u>	<u>Treasury shares</u> <u>EGP</u>	<u>Retained earnings</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
Balance at 1 January 2022	144 611 688	72 536 290	-	1 755 460 707	1 972 608 685
Change of equity in 2022	-	-	-	169 727 927	169 727 927
Profit for the period	-	-	-	169 727 927	169 727 927
Total comprehensive income for the period	-	-	-	169 727 927	169 727 927
Total shareholders transactions	-	-	-	-	-
Dividends distribution for 2021	-	-	-	-	-
Balance at 31 March 2022	<u>144 611 688</u>	<u>72 536 290</u>	<u>-</u>	<u>1 925 188 634</u>	<u>2 142 336 612</u>
Balance at 1 January 2023	144 611 688	72 536 290	(160 827 557)	2 392 289 206	2 448 609 627
Change of equity in 2023	-	-	-	327 179 023	327 179 023
Profit for the period	-	-	-	327 179 023	327 179 023
Total comprehensive income for the period	-	-	-	327 179 023	327 179 023
Total Shareholders transactions	-	-	-	-	-
Dividends distribution for 2022 *	-	-	-	(452 700 000)	(452 700 000)
Balance at 31 March 2023	<u>144 611 688</u>	<u>72 536 290</u>	<u>(160 827 557)</u>	<u>2 266 768 229</u>	<u>2 323 088 650</u>

* The dividend distribution for 2022 include Employee profit share for for Edita Food Industries employees amounted to EGP 52 700 000 .

- The accompanying notes form an integral part of these condensed separate periodic financial statements.

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of cash flows
For the three months ended 31 March 2023

	<u>Notes</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		423 672 652	220 247 536
Adjustments for:			
Provisions	(11)	5 261 278	543 843
Provision for employee benefit obligation		2 010 764	1 500 000
Interest expenses		23 829 645	14 041 322
Interest income		(52 975 113)	(23 339 521)
Depreciation of Fixed Assets	(3)	37 293 345	33 252 411
Amortization of intangible assets		1 810 006	1 141 033
Government grant income		(1 171 104)	(1 101 909)
write-down of slow moving inventory	(5)	945 000	876 154
Gain on disposal of property, plant and equipment		(342 683)	14 842
Foreign exchange (gain)		(40 691 761)	4 929 927
Operating income before changes in working capital		<u>399 642 029</u>	<u>252 105 638</u>
<u>Changes in working Capital</u>			
Inventories		(237 974 201)	34 253 200
Debtors and other receivables		89 142 674	(20 236 925)
Due from related parties		(39 855 086)	6 571 798
Trade and other payables*		71 073 216	20 882 333
Due to related parties		189 297 187	95 272 355
Provision utilized	(11)	(73 677)	(120 857)
Inventory write-down used		-	(42 155)
Payment of employee benefits obligation		(3 000 000)	-
Cash inflow from operating activities		<u>468 252 142</u>	<u>388 685 387</u>
Interest paid		(18 919 101)	(14 041 322)
Net cash inflow from operating activities		<u>449 333 041</u>	<u>374 644 065</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment and projects under construction	(3)	(61 625 248)	(40 807 340)
Proceeds from disposal of property, plant and equipment		357 649	655 889
Interest received		49 040 778	23 339 521
Payment for purchase of treasury bills		(1 605 312 660)	(316 453 970)
Proceeds from treasury bills		1 352 000 000	185 045 878
Net cash inflow (outflow) from investing activities		<u>(265 539 481)</u>	<u>(148 220 022)</u>
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		1 376 410	37 340 249
Repayment of borrowings		(20 000 000)	(1 193 082)
Net cash outflow from financing activities		<u>(18 623 590)</u>	<u>36 147 167</u>
Net increase in cash and cash equivalents		<u>165 169 970</u>	<u>262 571 210</u>
Cash and cash equivalents at beginning of the period		(243 500 165)	(307 301 819)
Cash and cash equivalents at the end of the period	(7)	<u>(78 330 195)</u>	<u>(44 730 609)</u>

Non cash transactions

* The effect of credit purchase of property, plant, and equipment amounted to EGP 11 712 149 had been eliminated as non cash transaction from Payment for purchase of Property, Plant and equipment and projects under construction against the related increase in Trade and other payables.

The effect of dividends payable amounted to EGP 452 700 000 had been eliminated as non cash transaction from Trade and other payables.

- The accompanying notes form an integral part of these condensed separate periodic financial statements.

1. General information

Edita Food Industries S.A.E. (the "Company") was established on 9 July 1996, under the investment Law No. 230 of 1989 which had been replaced by law No. 8 of 1997 and the capital market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo, and the company's period is for 25 years, and the company's period have been extended by 25 years ending on 7 July 2046.

The Company is located in Sheikh Zayed city - Central Axis, Giza.

The Company provides manufacturing, producing, and packing of all food products and producing and packing of juices, jams, readymade food, dry goods, cakes, pastry, dairy products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients, the company is registered in Egypt and London's stock exchange.

These condensed separate interim financial statements have been approved by the board of directors on 29 May 2023, and the General Assembly of shareholders has the right to amend the separate interim financial statements after being approved.

2. Accounting policies

The condensed separate interim financial statements have been prepared following the same accounting policies that were applied and followed when preparing the financial statements for the financial year ending on December 31, 2022.

A. Basis of preparation

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standard no. 30 "Interim Financial Reporting" and applicable related laws and regulations. The condensed separate financial statements have been prepared under the historical cost convention except for employees' end of services obligations, which is measured by the present value of the obligation.

The preparation of condensed separate financial statements in conformity with Egyptian Accounting Standard no. 30 "Interim Financial Reporting" requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting.

Egyptian Accounting Standards (EAS) requires referring to the International Financial Reporting Standards (IFRS) in treating certain balances and transactions, which have not been covered in any Egyptian Accounting Standards or legal requirements.

3. Property, plant and equipment and projects under constructions

	Land EGP	Buildings EGP	Machinery and Equipment EGP	Vehicles EGP	Tools & Equipment EGP	Furniture and Office Equipment EGP	Projects under construction EGP	Total EGP
Cost								
January 1, 2022	120 908 260	839 978 806	1 299 920 301	42 611 615	187 303 166	88 030 583	81 469 041	2 660 221 772
Transferred from projects under constructions	-	19 923 043	218 817 458	-	25 047 275	4 582 963	(279 074 273)	(10 703 534)
Additions	-	-	2 124 681	12 772 051	15 262 647	6 678 445	228 469 452	265 307 276
Disposals	(14 194 133)	(827 195)	(18 262 325)	(7 333 298)	(2 824 973)	(54 213)	(11 424 715)	(54 920 852)
Cost as of December 31, 2022	106 714 127	859 074 654	1 502 600 115	48 050 368	224 788 115	99 237 778	19 439 505	2 859 904 662
Accumulated depreciation								
January 1, 2022	-	(205 925 812)	(448 292 055)	(25 388 124)	(114 422 260)	(72 259 842)	-	(866 288 093)
Depreciation for the year	-	(33 622 393)	(64 576 469)	(7 694 308)	(25 776 671)	(7 922 210)	-	(139 592 051)
Accumulated depreciation of disposals	-	143,380	11 568 483	6 022 288	403 462	54 213	-	18 191 826
As of December 31, 2022	-	(239,404,825)	(501,300,041)	(27,050,144)	(139,795,469)	(80,127,839)	-	(987 688 318)
Net book value as of December 31, 2022	106 714 127	619 669 829	1 001 300 074	20 990 224	84 992 646	19 109 939	19 439 505	1 872 216 344
Cost as of January 1, 2023	106 714 127	859 074 654	1 502 600 115	48 050 368	224 788 115	99 237 778	19 439 505	2 859 904 662
Transferred from projects under constructions	-	-	-	-	1 684 435	-	(1 684 435)	-
Additions	-	-	4 441 244	9 800 000	1 684 550	802 059	33 185 246	49 913 099
Disposals	-	-	-	(583 500)	(17 960)	(17 960)	-	(601 460)
Cost as of March 31, 2023	106 714 127	859 074 654	1 507 041 359	57 266 868	228 157 100	100 021 877	50 940 316	2 909 216 301
Accumulated depreciation								
As of January 1, 2023	-	(239 404 825)	(501 300 041)	(27 060 144)	(139 795 469)	(80 127 839)	-	(987 688 318)
Depreciation for the period	-	(8 522 674)	(17 826 751)	(1 975 735)	(6 934 082)	(2 034 103)	-	(37 293 345)
Accumulated depreciation of disposals	-	-	-	568 534	17 960	17 960	-	586 494
As of March 31, 2023	-	(247 927 499)	(519 126 792)	(28 467 345)	(146 729 551)	(82 143 982)	-	(1 024 395 169)
Net book value as of March 31, 2023	106 714 127	611 147 155	987 914 567	28 799 523	81 427 549	17 877 895	50 940 316	1 884 821 132

Depreciation included in the interim statement of profit or loss is as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Charged to cost of sales	32 829 745	122 125 045
Charged to administrative expenses	4 394 743	17 197 004
Charged to distribution costs	68 857	270 002
	<u>37 293 345</u>	<u>139 592 051</u>

The project under construction represents the following Categories:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Buildings	6 685 318	332 421
Machinery and equipment	32 067 956	11 311 744
Tools and equipment	6 669 055	5 211 025
Technical and other installations	5 517 987	2 584 315
	<u>50 940 316</u>	<u>19 439 505</u>

Cash flow statement

The proceeds from disposal of fixed assets in the cash flow represented as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Net book value of the assets disposed	14 966	36 729 026
Losses / gain on sale of property, plant and equipment	342 683	5 914 974
	<u>357 649</u>	<u>42 644 000</u>

4. Investments in subsidiaries

	<u>Country of Incorporation</u>	<u>% Interest held</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Digma for Trading Company	Egypt	99.80%	44 939 639	44 939 639
Edita Confectionary Industries*	Egypt	99.98%	134 820 782	134 820 782
Edita Participation Ltd.	Cyprus	100%	14 024	14 024
Edita Holding for Investments **	Egypt	98%	4 900 000	4 900 000
Balance at March 31, 2023			<u>184 674 445</u>	<u>184 674 445</u>

*On March 6, 2019, the company signed an official agreement with Confindel LTD for the acquisition of 2 279 287 shares (22.27%) which is their total ownership in Edita Confectionary Industries for a total consideration of 55 297 782. The deal was finalized in June of 2019; and Edita Food Industries' share in Edita Confectionary Industries increased from 77.71% to 99.98%.

**On December 8, 2022, Edita Holding for Investments had been established as Stock Authorised Enterprise with authorized and issued share capital of EGP 5 000 000. The company's purpose is establishment of companies that issue financial instruments, The company share in Edita Holding for Investments represent 98% on December 31 2022.

5. Inventories (net)

	<u>31 March 2023</u>	<u>31 December 2022</u>
Raw and packaging materials	914 516 553	710 716 838
Spare parts	41 644 590	35 395 312
Work in process	32 586 554	24 863 693
Consumables	16 104 529	11 118 358
Finished goods	43 787 745	28 571 569
Total	1 048 639 971	810 665 770
Less: write-down for slow moving and obsolete inventory	(7 421 005)	(6 476 005)
Net	1 041 218 966	804 189 765

Write-down for slow moving and obsolete inventory

	<u>31 March 2023</u>	<u>31 December 2022</u>
Balance on 1 January	6 476 005	3 737 579
Charged during the period / year	945 000	3 504 616
Utilized during the period / year	--	(766 190)
Ending Balance as of the period / year	7 421 005	6 476 005

6. Treasury bills

	<u>31 March 2023</u>	<u>31 December 2022</u>
Treasury bills par value		
0-31 Days maturity	554 000 000	86 000 000
91 Days maturity	605 000 000	685 000 000
250- 364 Days maturity	50 000 000	150 000 000
Total	1 209 000 000	921 000 000
Total Unearned credit interest	(40 517 960)	(48 876 540)
Amount paid for treasury bills	1 168 482 040	872 123 460
Interest income recognized to profit or loss	26 297 526	22 517 981
Treasury bills balance	1 194 779 566	894 641 441

The average effective interest rate related to treasury bills is 18.5%.

The group has adopted 12-month ECL approach, based on management assessment, there will be immaterial impact on treasury bills due to the following factors:

- It is issued and guaranteed by Government of Egypt.
- There is no history of default.

Therefore, incorporating forward-looking information would not result in an increase in Expected default rate.

7. Cash and banks balances

	<u>31 March 2023</u>	<u>31 December 2022</u>
Cash on hand	5 207 793	987 723
Cash at banks	37 081 231	39 124 136
Time Deposits	<u>218 259 239</u>	<u>203 076 845</u>
Cash and bank balances	<u>260 548 263</u>	<u>243 188 704</u>

The average rate on time deposit is 4.63% with a maturity of less than one months.

For the purpose of the preparation of the condensed separate Interim cash flow statement, cash and cash equivalents consist of:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Cash and bank balances	260 548 263	243 188 704
Bank overdraft (Note 12)	<u>(338 878 458)</u>	<u>(486 688 869)</u>
Total	<u>(78 330 195)</u>	<u>(243 500 165)</u>

8. Issued and paid-up capital

Authorized capital EGP 360 000 000 (1 800 000 000 share, par value EGP 0.2 per share).

The issued and paid-up capital amounted to EGP 72 536 290 distributed on 362 681 450 shares (par value EGP 0.2 per share)

On 30 March 2016 an extra ordinary general assembly meeting was held in which the shareholders approved the increase of issued and paid-up capital from EGP 72 536 290 to be EGP 145 072 580. An increase amounted to EGP 72 536 290 distributed over 362 681 450 shares with a par value of LE 0.2 per share financed from the dividends of the year ended 31 December 2015 distributed as a free share for each original share which has been registered in commercial register on May 9, 2016.

On April 2021, the extraordinary general assembly meeting approved to write off the treasury shares amounted to 2 304 461 shares. Accordingly, the share capital has been reduced by the par value of the treasury shares and the issued and paid-up capital changed to amount to EGP 144 611 688 distributed on 723 058 440 shares (par value EGP 0.2 per share)

Treasury shares

According to Board of Director resolution on August 2, 2022 and October 18, 2022, the group purchased 15 814 199 shares from the stock market and held in treasury for a total consideration of EGP 160 826 557, the consideration paid has been accounted for as part of the statement of shareholders' Equity.

9. Legal reserve

In accordance with company Law No. 159 of 1981 and the company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. The company may stop such transfers when the legal reserve reaches 50% of the issued capital. The reserve is not eligible for distribution to shareholders.

10. Borrowings

	31 March 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Second loan	--	--	--	--	--	--
Third loan	--	--	--	--	--	--
Fourth loan	40 672 778	--	40 672 778	40 000 000	20 000 000	60 000 000
Fifth Loan	--	--	--	--	--	--
Sixth loan	51 280 380	--	51 280 380	40 123 228	-	40 123 228
Seventh Loan	35 230 802	42 416 133	77 646 935	34 762 943	40 702 977	75 465 920
Eighth Loan	34 528 958	64 864 545	99 393 503	15 258 754	83 857 170	99 115 924
Ninth loan	18 007 066	41 984 390	59 991 456	14 122 163	75 209 377	89 331 540
Tenth loan	34 137 378	57 166 759	91 304 137	17 667 379	40 730 195	58 397 574
Total	213 857 362	206 431 827	420 289 189	161 934 467	260 499 719	422 434 186

The due short-term portion loans according to the following schedule:

	31 March 2023	31 December 2022
Balance due within 1 year	212 096 982	161 443 239
Accrued interest	1 760 380	491 228
Total	213 857 362	161 934 467

EDITA FOOD INDUSTRIES S.A.E.

Notes to the condensed separate financial statements - For the three months period ended 31 March 2023

(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

Borrower	Type of debt	Guaranties	Currency	Tenure	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 185,000,000	EGP/USD	7 years with first installment in Jan 2016	1% above mid corridor rate of Central Bank of Egypt and 2.5% above the Libor rate 3 months.
Second loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 90,000,000	EGP	7 years with first installment in April 2017	1 % above lending rate of Central Bank of Egypt.
Third loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 202,234,888	EGP/USD	7 years with first installment in April 2017	1% above mid corridor rate of Central Bank of Egypt and 4.5% above the Libor rate 1 month.
Fourth loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 220,000,000 and 6,000,000 Euro	EGP/USD	7 years with first installment in May 2017	0.5% above mid corridor rate of Central Bank of Egypt and average 4% above USD Libor rate 6 months.
Fifth loan	Loan		USD	4 years with the first installment in Sep 2018	3.85% above the USD Libor rate 3 months.
Sixth loan	Loan		USD		4% above the USD Libor rate 6 months.
Seventh loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in Nov 2022	8 %
Eighth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in June 2022	8 %
Ninth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in Sep 2023	8 %
Tenth loan	Loan		EGP	7 years with first installment in July 2023	8%

Deferred government grant

The Company obtained a loan facility of EGP 441 million from commercial banks under the central bank of Egypt initiative to support the Egyptian manufacturing companies, according to the initiative, the loan was obtained at interest rate of 8 % that is lower than the prevailing market rate of similar loans. and recognized in the profit or loss over the year necessary to match them with the costs that they are intended to compensate.

The Deferred government grants is according to the following schedule:

	31 March 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Seventh loan	2 165 632	3 634 826	5 800 458	2 281 071	4 057 431	6 338 502
Eighth loan	811 922	1 234 662	2 046 584	861 078	1 415 991	2 277 069
Ninth loan	565 510	1 048 586	1 614 096	588 420	1 200 392	1 788 812
Tenth loan	340 161	261 242	601 403	380 916	451 951	832 867
	3 883 225	6 179 316	10 062 541	4 111 485	7 125 765	11 237 250

11. Provisions

	31 March 2023	31 December 2022
Balance on 1 January	51 420 223	20 045 431
Charged during the period /year	5 261 278	31 972 964
Utilized during the period / year	(73 677)	(390 435)
No longer required	--	(207 737)
Ending Balance as of	56 607 824	51 420 223

Provisions related to claims expected to be made by a third party in connection with the Group's operations. The information usually required by Egyptian Accounting Standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with that party. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions, and agreements with the third party.

12. Bank overdrafts

	31 March 2023	31 December 2022
Bank overdraft	338 878 458	486 688 869
Total	338 878 458	486 688 869

Bank overdraft is an integral part of the Company's cash management to finance its working capital.

The average interest rate for bank overdraft was 9.66% as of 31 March 2023 (31 December 2022: 8.23 %).

13. Earnings per share**Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<u>31 March 2023</u>	<u>31 March 2022</u>
Profit for the period	327 179 002	169 727 927
Weighted average number of ordinary shares in issue		
Ordinary shares	723 058 439	723 085 439
Treasury shares	<u>(15 814 199)</u>	<u>--</u>
	<u>707 244 240</u>	<u>723 058 439</u>
Basic earnings per share	<u>0.46</u>	<u>0.23</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

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Notes to the condensed separate financial statements - For the three months period ended 31 March 2023
(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

14. Segment reporting

The Company operates across five segments in Egyptian snack food market offering nine distinct brands:

Segment	Brand		Product			
	31.3.2023	31.3.2022	31.3.2023	31.3.2022		
Cake	Tiger tail, Twinkies, Todo and HOHOS	Traditional rolled filled and layered cake as well as brownies and packaged donut				
Croissants	Molto	Sweet and savoury croissants and strudels				
Rusks	Bake Rolz, Bake Stix	Baked wheat salty snack				
Wafer	Freska	Filled wafers				
Biscuits	Oniro	Cookies				
(Amounts presented to the nearest thousands EGP)						
	Cake	Croissant	Rusks	Wafer	Biscuits	Total
	31.3.2023	31.3.2023	31.3.2023	31.3.2023	31.3.2023	31.3.2023

Revenue	1 205 972	596 420	651 079	387 650	125 649	75 361	251 300	218 517	8 568	13 967	2 242 568	1 291 915
Gross profit	333 173	185 235	156 510	100 849	23 496	16 173	60 412	71 267	2 809	2 809	571 552	376 333
Operating profit	215 162	149 160	94 706	42 389	14 202	13 991	43 617	26 543	2 249	(13 040)	365 439	219 042

Operating profit reconciles to net profit as follows:

	31 March 2023	31 March 2022
Operating profit	365 439	219 042
Other income/expense	(11 603)	(3 524)
Foreign Exchange Gain/(Loss)	40 692	(4 570)
Finance cost	(23 830)	(14 041)
Finance income	52 975	23 340
Income tax	(96 494)	(50 520)
Net profit	327 179	169 727

Segment reporting (continued)

The segment information disclosed in the table above represents the segment information provided to the chief operating decision makers of the Company.

- Management has determined the operating segments based on the information reviewed by the chief operating decision makers of the Company for the purpose of allocating and assessing resources.
- The chief operating decision makers consider the business from products perspective. Although Rusks, Wafer, and Candy do not meet the quantitative threshold required by EAS 41 for reportable segments, management has concluded that these segments should be reported as it is closely monitored by the chief operating decision makers as it is expected to materially contribute to the Company revenue in the future.
- The chief operating decision makers assesses the performance of the operating segments based on their operating profit.
- There were no inter-segment sales made during the period.
- Finance income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function which manage the cash position of the Company.

15. Sales Revenues**Increase in Sales is due to:**

- Price increase of Company's products in Cake, Croissants and Rusks segments during last year and the period ended 31 March 2023 compared to the same period last year.
- Increase in export sales during the period ended 31 March 2023 impacted by the change in USD exchange rate.

16. Expense by nature

	<u>31 March 2023</u>	<u>31 March 2022</u>
Cost of sales	1 671 015 627	915 581 343
Distribution cost	79 454 579	92 022 301
Administrative expenses	126 659 004	65 268 142
	<u>1 877 129 210</u>	<u>1 072 871 786</u>
Raw and packaging materials used	1 432 728 157	736 256 117
Salaries and wages	159 796 153	111 662 011
Advertising expense	71 614 074	82 884 261
Depreciation and Amortization	39 103 341	34 392 014
Miscellaneous and other expense	57 893 479	19 803 720
Fuel, oil, water and electricity	33 317 026	23 643 478
Employees benefits	28 284 350	19 845 066
Company's share in social insurance	9 081 261	9 047 915
Transportation expense	14 506 434	14 262 558
Maintenance	15 999 931	10 985 695
Consumables	13 532 793	8 828 128
Vehicle expense	1 272 211	1 260 666
Total cost of sales, distribution costs, and administrative expenses	<u>1 877 129 210</u>	<u>1 072 871 786</u>

17. Contingent liabilities

The Company guarantees Digma for trading company and Edita confectionary Industries against third parties in borrowing from Egyptian Banks.

The banks have issued letters of credit and guarantee in favor of Edita Foods Industries amounted to EGP 384 484 803 (31 December 2022: EGP 312 623 934).

18. Commitments

Capital Commitments

The Company has capital commitments as of 31 March 2023 of EGP 68 M (31 December 2022: EGP 74 M) in respect of the capital expenditure.

19. Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Tax Authority might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the Company as of the interim financial statements date.

a) Corporate tax

- The company is tax exempted for a period of 10 years ended 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the Company's inception till 31 December 2012 and all due tax amounts paid.
- For the years 2013-2016; the Company finalized the tax inspection, and all due tax amounts paid.
- For the years 2017 – 2019, the company is under inspection.
- For the years 2020 – 2022 the Company submitted the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

b) Payroll tax

- The payroll tax inspection was performed till 31 December 2019 and the Company paid tax due.
- As for the years 2020 till 2022 the tax inspection has not been performed and the Company is submitting the quarterly tax return on due time to the Tax Authority.

c) VAT & Sales tax

- The sales tax inspection was performed till 31 December 2019 and tax due was paid.
- Years from 2020 till 2022 tax inspection has not been performed.

d) Stamp duty tax

- The stamp duty tax inspection was performed till 2019 and tax due was paid.
- Years from 2020 till 2022 tax inspection has not been performed.

20. Significant events during the period:

- The Board of Directors agreed, in its session on February 26, 2023, to submit a purchase offer after completing the legal procedures and government approvals, including punitive terms for both parties, to acquire a 100% stake in a company that is not listed on the stock exchange operating in food industry sector.
- On March 28, 2023, the ordinary general assembly of the company's shareholders was held, and it approved the financial statements for the year ended December 31, 2022 and approved the dividends distribution to shareholders of EGP 400 million and employee dividend distribution of EGP 52.7 million.
- The Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting on Thursday, March 30, 2023, to raise the overnight deposit and lending yield and the price of the main operation of the Central Bank by 200 basis points, to reach 18.25, 19.25 and 18.75%, respectively. The credit and discount rate was also raised by 200 basis points to reach my rate 18.75%

21. Significant Subsequent events:

- The Board of Directors agreed, in its session on May 29, 2023, the purchase of all the shares of Fancy Foods Company for Food Industries S.A.E. (Subject of acquisition) through Edita Food Industries and/or its subsidiaries, with a total amount of EGP 380,000,000. The Board of Directors also authorized Eng. Hani Nabih Aziz Berzi, Chairman of the Board of Directors, to sign on behalf of the company the contracts to complete the acquisition.