

**EDITA Food Industries (S.A.E.)  
and its Subsidiaries**

Consolidated Financial Statements  
Prepared in accordance with IFRS  
For the year ended December 31, 2023

**EDITA Food Industries (S.A.E.) and its Subsidiaries**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2023**

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**Independent Auditor's Report**  
**To the Shareholders of Edita Food Industries (S.A.E.)**  
**Report on the Audit of the Consolidated Financial Statements**

***Opinion***

We have audited the consolidated financial statements of Edita Food Industries (S.A.E.) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent of the Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that content.

**Independent Auditor's Report**
**To the Shareholders of Edita Food Industries (S.A.E.) (continued)**
**Report on the Audit of the Consolidated Financial Statements (continued)**
**Key audit matter**
**How our audit addressed the key audit matter**
**Valuation of intangible assets having infinite useful lives**

Note 9 to the consolidated financial statements include intangible assets with infinite useful lives amounting to EGP 162.9 million as at December 31, 2023, representing purchased trademarks and know-how on certain branded products.

Under the Group's accounting policies, trademarks and know-how are assessed to have infinite useful lives as the related licenses are perpetual, irrevocable and exclusive in nature. These intangible assets are, therefore, subject to impairment test on annual basis. The impairment test is based on management's estimate of the future cash flows to be generated from the concerned brands.

Determination of value-in-use of the above-mentioned intangible assets involve use of complex valuation techniques (i.e. discounted cash flows method) and significant judgements and assumptions. Due to inherent uncertainties involved in estimating future product cash flows and use of significant assumptions and judgements, we have considered this as a key audit matter.

Our procedures in relation to management's impairment review of these intangible assets included:

- We have evaluated the design and implementation of relevant controls over the impairment assessment process related to identification of impairment indicators and estimation of recoverable amounts.
- We have obtained the valuation analysis applied by the management for computation of recoverable amounts and assessed whether the forecasted figures used therein seem reasonable based on the historical data and future expectations.
- We have critically assessed and tested the assumptions and methodologies used by the management, especially those relating to the discount rate and growth rates with the assistance of our internal valuation experts. To do this:
  - We evaluated these assumptions with reference to those applied to valuations of similar entities.
  - We compared the key assumptions to externally derived data wherever possible, including market expectations of investment return, projected economic growth and interest rates.
  - We applied sensitivities in evaluating management's assessment of the planned growth rate in cash flows.
  - We tested the calculations within the valuation model for mathematical accuracy and considered the sensitivity of the calculations by varying the assumptions and applying other values within a reasonably possible range of outcomes.
- We assessed the adequacy of the Group's disclosure regarding the valuation methodologies and key assumptions in accordance with IFRS.

**Other Matter**

The consolidated financial statements, on which our opinion is issued, have been prepared for the purpose of the Group meeting its continuing obligations under the Listing Rules of the London Stock Exchange. These consolidated financial statements are therefore not the statutory financial statements of the Group as required by laws in the jurisdiction where the Group is registered and regulated. The Group has prepared and published a separate set of consolidated financial statements for the year ended December 31, 2023 in accordance with Egyptian Accounting Standards, and relevant laws and regulations ("EAS consolidated financial statements"). These EAS consolidated financial statements have been audited by another auditor, who expressed an unmodified opinion on those statements on March 3, 2024. Our audit opinion doesn't extend to those statutory consolidated financial statements.



**Independent Auditor's Report****To the Shareholders of Edita Food Industries (S.A.E.) (continued)****Report on the Audit of the Consolidated Financial Statements (continued)*****Other Information***

The management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our Auditor's Report thereon. We expect to obtain the Annual Report after the date of our Auditor's Report.

Our opinion on the consolidated financial statements does not cover the other information and accordingly we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

**Independent Auditor's Report****To the Shareholders of Edita Food Industries (S.A.E.) (continued)****Report on the Audit of the Consolidated Financial Statements (continued)*****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**GRANT THORNTON UAE**

**Dr. Osama El Bakry**  
**Registration No. 935**  
**Dubai, United Arab Emirates**

**April 21, 2024**


**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Consolidated statement of financial position**  
**As at December 31, 2023**

	Notes	2023 EGP	2022 EGP
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	3,371,427,161	2,542,701,504
Right-of-use assets	8	118,455,576	96,235,414
Intangible assets and goodwill	9	264,367,647	229,226,565
<b>Total non-current assets</b>		<b>3,754,250,384</b>	<b>2,868,163,483</b>
<b>Current assets</b>			
Inventories	11	1,866,984,476	981,499,151
Trade and other receivables	13	780,069,438	545,215,216
Financial assets at amortised cost – treasury bills	14	346,432,739	894,641,441
Cash and cash equivalents	15	1,009,902,806	494,387,411
<b>Total current assets</b>		<b>4,003,389,459</b>	<b>2,915,743,219</b>
<b>TOTAL ASSETS</b>		<b>7,757,639,843</b>	<b>5,783,906,702</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	140,002,731	144,611,688
Legal reserve	17	72,536,289	78,953,630
Cumulative translation reserve		(50,615,771)	(42,273,721)
Transactions with non-controlling interest	18	(32,132,098)	(32,132,098)
Treasury shares	16	-	(160,827,557)
Retained earnings		3,199,422,434	2,633,270,813
<b>Equity attributable to the Owners of the Company</b>		<b>3,329,213,585</b>	<b>2,621,602,755</b>
Non-controlling interest	18	73,686,956	40,579,768
<b>Total equity</b>		<b>3,402,900,541</b>	<b>2,662,182,523</b>
<b>Non-current liabilities</b>			
Borrowings	19	1,129,283,746	739,496,389
Deferred government grants	19	17,059,424	16,912,608
Employee benefit obligations	20	55,143,601	33,396,656
Deferred tax liabilities – net	21	240,132,883	194,682,549
Lease liabilities	22	130,944,266	102,209,569
<b>Total non-current liabilities</b>		<b>1,572,563,920</b>	<b>1,086,697,771</b>
<b>Current liabilities</b>			
Provisions	23	105,601,704	72,714,382
Bank overdraft	24	596,722,472	501,662,588
Trade and other payables	25	1,383,888,532	1,006,229,685
Current portion of borrowings	19	297,757,493	244,539,007
Current income tax liabilities	26	387,712,322	197,610,283
Current portion of lease liabilities	22	10,492,859	12,270,463
<b>Total current liabilities</b>		<b>2,782,175,382</b>	<b>2,035,026,408</b>
<b>Total liabilities</b>		<b>4,354,739,302</b>	<b>3,121,724,179</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,757,639,843</b>	<b>5,783,906,702</b>

These consolidated financial statements were approved and authorised for issue by the Board of Directors on April 21, 2024 and were signed on their behalf by:

  
Eng. Hani Berzi  
Chairman

  
Mr. Sameh Naguib  
Vice President-Finance

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Consolidated statement of profit or loss**  
**For the year ended December 31, 2023**

	Notes	2023 EGP	2022 EGP
Revenue	37	12,125,997,046	7,671,100,869
Cost of sales	33	(8,200,709,717)	(5,063,343,087)
<b>GROSS PROFIT</b>		<b>3,925,287,329</b>	<b>2,607,757,782</b>
Distribution cost	33	(1,131,569,626)	(866,522,191)
Administrative expenses	33	(771,817,875)	(472,877,272)
Provision for employee benefit obligations	20	(18,535,914)	(11,850,024)
Provision for slow-moving inventory	11	(10,745,226)	(3,900,000)
Other income	27	79,443,395	50,833,336
Other expenses	28	(67,211,775)	(73,306,024)
Finance income	29	213,587,378	111,754,605
Finance cost	30	(211,931,914)	(111,551,139)
Foreign exchange gain - net		44,116,322	34,991,475
Gain on derecognition of joint venture accounted for using equity method		-	32,615,049
Share of net losses of joint venture accounted for using the equity method		-	(4,989,639)
Loss on disposal of financial assets at fair value through profit or loss		-	(22,172,000)
<b>PROFIT BEFORE INCOME TAX</b>		<b>2,050,622,094</b>	<b>1,270,783,958</b>
Income tax expense	31	(544,046,655)	(311,351,887)
<b>NET PROFIT FOR THE YEAR</b>		<b>1,506,575,439</b>	<b>959,432,071</b>
<i>Profit attributable to</i>			
Owners of the Company		1,524,789,018	964,866,603
Non-controlling interest		(18,213,579)	(5,434,532)
		<b>1,506,575,439</b>	<b>959,432,071</b>
<b>Earnings per share (expressed in EGP per share)</b>			
Basic and diluted earnings per share	32	<b>2.17</b>	<b>1.36</b>

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.



**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Consolidated statement of comprehensive income**  
**For the year ended December 31, 2023**

	Note	2023 EGP	2022 EGP
Net profit for the year		<u>1,506,575,439</u>	959,432,071
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		18,178,708	(32,952,398)
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of employee benefit obligations	20	(3,951,159)	1,581,166
<b>Other comprehensive income/(loss) for the year</b>		<u>14,227,549</u>	(31,371,232)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,520,802,988</u>	928,060,839
<b>Total comprehensive income attributable to</b>			
Owners of the Company		1,512,495,809	922,983,730
Non-controlling interest		8,307,179	5,077,109
		<u>1,520,802,988</u>	928,060,839

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.



**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Consolidated statement of changes in equity**  
**For the year ended December 31, 2023**

	Equity attributable to the owners of the Company						
	Transactions			Non-controlling interest		Total equity	
	Share capital EGP	Legal reserve EGP	Cumulative translation reserve EGP	with non-controlling interest EGP	Treasury shares EGP	Retained earnings EGP	Total EGP
As at January 1, 2023	144,611,688	78,953,630	(42,273,721)	(32,132,098)	(160,827,557)	2,633,270,813	2,621,602,755
<i>Total comprehensive income for the year:</i>							
Net profit for the year	-	-	-	-	-	1,524,789,018	1,524,789,018
Other comprehensive income	-	-	(8,342,050)	-	-	(3,951,159)	(12,293,209)
Total comprehensive income for the year	-	-	(8,342,050)	-	-	1,520,837,859	1,512,495,809
<i>Transactions with shareholders:</i>							
Acquisition of treasury shares (Note 16)	(4,608,957)	-	-	-	(105,184,979)	-	(105,184,979)
Write-off of treasury shares	-	-	-	-	266,012,536	(261,403,579)	-
Dividends distributed during the year (Note 16)	-	-	-	-	-	(699,700,000)	(699,700,000)
Shares issued to non-controlling interest (Note 18)	-	-	-	-	-	-	-
Elimination of legal reserve pertaining to subsidiaries (Note 17)	-	(6,802,452)	-	-	-	6,802,452	-
Transfer to legal reserve (Note 17)	-	385,111	-	-	-	(385,111)	-
Total transactions with shareholders	(4,608,957)	(6,417,341)	-	-	160,827,557	(954,686,238)	(804,884,979)
<b>As at December 31, 2023</b>	<b>140,002,731</b>	<b>72,536,289</b>	<b>(50,615,771)</b>	<b>(32,132,098)</b>	<b>-</b>	<b>3,199,422,434</b>	<b>3,329,213,585</b>
							<b>73,686,956</b>
							<b>3,402,900,541</b>

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Consolidated statement of changes in equity (continued)**  
**For the year ended December 31, 2023**

	Equity attributable to the owners of the Parent						
	Transactions			Non-controlling interest		Total equity	
	Share capital EGP	Legal reserve EGP	Cumulative translation reserve EGP	with non-controlling interest EGP	Treasury shares EGP	Retained earnings EGP	Total EGP
As at January 1, 2022	144,611,688	78,953,630	1,190,318	(32,132,098)	-	1,866,823,044	2,059,446,582
<i>Total comprehensive income for the year:</i>							
Net profit for the year	-	-	-	-	-	964,866,603	964,866,603
Other comprehensive loss	-	-	(43,464,039)	-	-	1,581,166	(41,882,873)
Total comprehensive income for the year	-	-	(43,464,039)	-	-	966,447,769	922,983,730
<i>Transactions with shareholders:</i>							
Acquisition of new subsidiary with non-controlling interest (Note 10)	-	-	-	-	-	-	-
Dividend distributed during the year (Note 16)	-	-	-	-	-	(200,000,000)	(200,000,000)
Acquisition of treasury shares (Note 16)	-	-	-	-	(160,827,557)	-	(160,827,557)
Shares issued to non-controlling interest (Note 18)	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	(160,827,557)	(200,000,000)	(360,827,557)
As at December 31, 2022	144,611,688	78,953,630	(42,273,721)	(32,132,098)	(160,827,557)	2,633,270,813	2,621,602,755
						14,986,994	34,912,613
						(79,417)	(79,417)
						40,579,768	(325,914,944)
						2,662,182,523	2,662,182,523

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Consolidated statement of cash flows**  
**For the year ended December 31, 2023**

	Notes	2023 EGP	2022 EGP
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	34	1,535,765,092	1,096,662,487
Interest paid		(156,953,069)	(103,618,941)
Income tax paid		(329,531,910)	(131,506,686)
<b>Net cash inflow from operating activities</b>		<b>1,049,280,113</b>	<b>861,536,860</b>
<b>INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment		(572,147,343)	(430,189,213)
Payment for purchase of intangible assets	9	(2,326,936)	-
Proceeds from sale of property, plant and equipment	34	6,035,664	53,922,383
Interest received		215,911,491	112,948,301
Payment for purchase of treasury bills		(4,664,845,933)	(2,212,699,964)
Proceeds from sale of treasury bills		5,207,775,393	2,085,318,530
Payment for acquisition of Edita Frozen Foods Industries S.A.E. – net of cash and cash equivalents acquired		(258,696,407)	-
Cash acquired from gaining control of Edita Food Industries Morocco	10	-	11,296,931
Proceeds from sale of financial assets at fair value through profit or loss		-	54,231,685
<b>Net cash used in investing activities</b>		<b>(68,294,071)</b>	<b>(325,171,347)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid to the shareholders	16	(699,700,000)	(200,000,000)
Acquisition of treasury shares	16	(105,184,979)	(160,827,557)
Additional contribution by non-controlling interest	18	24,800,009	14,986,994
Lease payments	22	(31,724,663)	(19,963,092)
Proceeds from borrowings		1,166,800,225	275,293,623
Repayments of borrowings		(936,957,728)	(214,859,916)
<b>Net cash used in financing activities</b>		<b>(581,967,136)</b>	<b>(305,369,948)</b>
<b>Net increase in cash and cash equivalents</b>		<b>399,018,906</b>	<b>230,995,565</b>
Cash and cash equivalents, at beginning of the year		(7,275,177)	(241,111,348)
Effect of movements in exchange rates on cash held		21,436,605	2,840,606
<b>Cash and cash equivalents, at end of the year</b>	15	<b>413,180,334</b>	<b>(7,275,177)</b>

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

# EDITA Food Industries (S.A.E.) and its subsidiaries

## Consolidated Financial Statements

### Notes to the consolidated financial statements

#### For the year ended December 31, 2023

#### 1 General information

Edita Food Industries S.A.E. (the "Company") was established in July 9, 1996, under the investment Law No. 230 of 1989, which had been replaced by Law No. 8 of 1997, and the Money Market Law No. 95 of 1992, and is registered in the Commercial Register under number 692, Cairo, Egypt.

The registered address of the Company is Edita Group Building, Plot no. 13 - Central Pivot, P.O Box No. 64, ZIP Code No. 12588, El Sheikh Zayed, Cairo, Egypt.

The Company provides manufacturing, producing and packing of all food products and producing and packing of readymade food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Edita for Trading and Distribution, Edita Confectionery Industries, Edita Food Industries Morocco, Edita Frozen Foods Industries S.A.E, subsidiaries.

The Company's shares are listed on the Egyptian Exchange and its global depositary receipts (each representing five ordinary shares) are also listed on the London Stock Exchange.

The main shareholders of the Company are Quantum Investment BV holding 44.07% (2022: 42.67%) of the Company's share capital, the Bank of New York Mellon (acting as depositary bank for shares traded in London Stock Exchange) managing 8.43% (2022: 11.70%) of the Company's share capital, Kingsway Fund Frontier Consumer Franchises holding 10.55% (2022: 9.11%) of Company's share capital, RIMCO E G T Investment LLC holding 7.22% (2022: 5.35%) of Company's share capital, in addition to several shareholders holding 29.73% (2022: 28.98%) of the Company's share capital.

These consolidated financial statements as at December 31, 2023 comprise the Company and its subsidiaries (hereinafter referred to as the "Group"). The Group's financial year starts on January 1, and ends on December 31, each year.

The Group has prepared a separate set of consolidated financial statements in accordance with Egyptian Accounting Standards, and applicable laws and regulations for the year ended December 31, 2023, which does not constitute part of these consolidated financial statements.

The details of Company's principal subsidiaries, as at December 31, are set out below:

Subsidiaries	Place of business/ country of incorporation	Principal activities	Ownership interest held by the Company		Ownership interest held by non-controlling interest	
			2023	2022	2023	2022
Edita for Trading and Distribution (formerly Digma for Trading)	Egypt	a	99.8%	99.8%	0.2%	0.2%
Edita Confectionery Industries	Egypt	b	99.98%	99.98%	0.02%	0.02%
Edita Participation Limited	Cyprus	c	100%	100%	-	-
Edita Food Industries Morocco	Morocco	d	78.36%	77%	21.64%	23%
Edita Holding for Investment	Egypt	e	100%	100%	-	-
Edita Frozen Foods Industries S.A.E. (formerly Fancy Foods S.A.E.)	Egypt	f	100%	-	-	-

#### a. Edita for Trading and Distribution:

The principal activity of Edita for Trading and Distribution (formerly Digma for Trading) is wholesale and retail trading in consumable goods. Edita for Trading and Distribution also acts as a distributor for local and foreign entities and also indulges in imports and exports in accordance with relevant laws and regulations. Edita for Trading and Distribution buys from Edita Confectionery Industries and Edita Food Industries S.A.E. and distributes to others.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

**1 General information (continued)**

**b. Edita Confectionery Industries:**

The principal activity of Edita Confectionery Industries is to build and operate a factory for production, sales and distribution of Sweets, Toofy, Jelly, Caramel and other nutrition materials. Edita Confectionery Industries sells the products to Edita for Trading and Distribution.

**c. Edita Participation Limited:**

The principal activities of Edita Participation Limited are the provision of services and the holding of investments. The Subsidiary does not have any material operations other than holding of investment in Edita Food Industries Morocco.

**d. Edita Food Industries Morocco:**

The principal activities of Edita Food Industries Morocco are to build and operate a factory for production, sales and distribution of cakes, pastry, wafer and other confectionary products.

The ownership interest of the Group in Edita Food Industries Morocco was increased to 78.36% (2022: 77%), pursuant to issuance of further share capital to existing shareholders and dilution of shareholding of non-controlling interests during the year ended December 31, 2023.

**e. Edita Holding for Investment:**

The principal activity of Edita Holding for Investment is to participate in the establishment of the companies that issue financial instruments or increase its share capital. Edita Holding for Investment was established as a Stock Authorised Enterprise on December 8, 2022 with authorized and issued share capital of EGP 5,000,000.

**f. Edita Frozen Foods Industries S.A.E.:**

During the year ended December 31, 2023, the Group acquired 100% ownership interest in Edita Frozen Foods Industries S.A.E. (formerly Fancy Foods S.A.E.) ("Edita Frozen Foods"), a non-listed company based in Egypt. The Company specialises in manufacturing of frozen foods and products and has manufacturing facility located in 6<sup>th</sup> of October City, Egypt (refer Note 10 for details).

**Financial information**

Financial information of the subsidiaries of the Group as at and for the years ended December 31, 2023 and December 31, 2022, before consolidation adjustments, is as follows.

<b>2023</b>	<b>Assets EGP</b>	<b>Liabilities EGP</b>	<b>Equity/ (deficit of assets) EGP</b>	<b>Revenue EGP</b>	<b>Net profit/ (loss) EGP</b>
Edita for Trading and Distribution	1,120,960,962	424,600,461	696,360,501	10,728,977,833	365,624,957
Edita Confectionery Industries	273,497,759	85,952,850	187,544,909	289,623,505	44,702,190
Edita Participation Limited	561,421,465	771,014,690	(209,593,225)	-	(23,462,819)
Edita Food Industries Morocco	757,746,051	482,907,345	274,838,706	326,160,784	(87,204,397)
Edita Holding for Investment	5,515,576	98,201	5,417,375	-	321,028
Edita Frozen Foods Industries S.A.E.	530,230,996	21,730,561	508,500,435	14,031,844	(46,453,522)



**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

**1 General information (continued)**

*Financial information (continued)*

2022	Assets EGP	Liabilities EGP	Equity/ (deficit of assets) EGP	Revenue EGP	Net profit/ (loss) EGP
Edita for Trading and Distribution	704,625,400	344,783,173	359,842,227	6,999,207,509	184,745,921
Edita Confectionery Industries	203,682,445	60,731,663	142,950,782	163,785,825	7,702,253
Edita Participation Limited	174,579,358	292,713,835	(118,134,477)	-	(30,023,493)
Edita Food Industries Morocco	639,080,208	426,314,148	212,766,060	176,171,728	(32,320,519)
Edita Holding for Investment	5,101,347	5,000	5,096,347	-	96,347

**2 Basis for preparation**

**2.1 Statement of compliance with IFRS**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

**2.2 Historical cost convention**

These consolidated financial statements have been prepared under the historical cost basis, except for the defined benefit obligations that are recognised at the present value of future obligations using the projected credit unit method.

**2.3 Going concern basis of accounting**

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to recover its financial assets within the credit terms and discharge its liabilities as and when these falls due.

As at December 31, 2023, the Group has retained earnings of EGP 3,199.4 million (2022: EGP 2,633.3 million), total equity of EGP 3,402.9 million (2022: EGP 2,662.2 million) and net current assets of EGP 1,221.2 million (2022: EGP 880.7 million). Further, the Group has also recognized net profit of EGP 1,506.6 million for the year ended December 31, 2023 (2022: EGP 959.4 million) and has also generated cash flows of EGP 1,049.3 million from operating activities during the year (2022: EGP 861.5 million). The management believes that this positive trend profitability and source of finance will continue in the foreseeable future and has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

**3 New or revised standards and interpretations**

**3.1 Standards, Interpretations and amendments adopted as at January 1, 2023**

Accounting pronouncements which have become effective from January 1, 2023 and have therefore been adopted are as follows:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12).

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**3 New or revised standards and interpretations (continued)**

**3.1 Standards, Interpretations and amendments adopted as at January 1, 2023 (continued)**

Pursuant to adoption of amendments to IAS 1, all instances of the term 'significant accounting policies' have been replaced with 'material accounting policy information' in these consolidated financial statements for the year ended December 31, 2023. Other than the above, these amendments do not have a significant impact on these consolidated financial statements and therefore additional disclosures have not been made.

**3.2 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group**

Other standards and amendments that are not yet effective and have not been adopted early by the Group are as follows:

*Effective for annual reporting periods beginning on or after January 1, 2024:*

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- Lack of Exchangeability (Amendments to IAS 21).

These amendments are not expected to have a significant impact on the consolidated financial statements in the period of initial application and therefore the disclosures have not been made.

**4 Material accounting policies information**

These consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The material accounting policies applied in the preparation of these consolidated financial statements are set out below and on the following pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Basis of consolidation (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners.

The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**Business combinations**

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Business combinations (continued)**

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date and is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured with changes in fair value being recognised in consolidated statement of comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss.

***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Calculations are performed based on the expected cash flows of the relevant cash generating units and discounting them at an appropriate discount rate, the determination of which requires the exercise of judgement. Impairment losses arising on goodwill, if any, are not reversed.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and portion of the cash-generating unit retained.

**Foreign currency translation**

***Functional and presentation currency***

These consolidated financial statements are presented in Egyptian Pounds ("EGP"), which is the Group's functional and presentation currency except for Edita Participation Limited and Edita Food Industries Morocco, the functional currencies of which are United States Dollars ("USD") and Moroccan Dirhams ("MAD"), respectively.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Foreign currency translation (continued)**

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss, they are deferred in equity if they are attributable to part of the net investment in foreign operations.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss as part of the fair value gain or loss.

*Net investment in foreign operations*

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency are disclosed below.

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate as at the reporting date;
- Income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- All resulting exchange differences are recognised in other comprehensive income; and
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual value over their estimated useful lives, as follows.

Buildings	25 - 50 years
Machinery and equipment	20 years
Vehicles	5 - 8 years
Tools and equipment	3 - 5 years
Furniture and office equipment	4 - 5 years



**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Property, plant and equipment (continued)**

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income/(expenses)" in the consolidated statement of profit or loss.

***Projects under construction***

Projects under construction are stated at cost less realised impairment losses, if any. Cost includes all expenditures associated with the acquisition of the asset and make it usable. When the assets are ready for its intended use, it is transferred from projects under construction to the appropriate category under property, plant and equipment and depreciated in accordance with Group's policies.

**Intangible assets**

***Trademarks and know-how***

Trademarks and know-how have infinite useful lives as there is no foreseeable limit on the period over which these assets are expected to exist and generate cash flows. The related licenses to these intangible assets are perpetual, irrevocable and exclusive to the territories to which these pertain.

These intangible assets are measured at historical cost less impairment losses, if any. Historical cost includes all expenditures associated with the acquisition of an intangible asset. These assets are tested for impairment annually, or more frequently when there is an indication of impairment.

***Computer software***

Computer software are measured at historical cost less the accumulated amortisation and the accumulated impairment losses, if any. Historical cost includes all expenditures associated with the acquisition of an intangible asset. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of profit or loss as it is incurred.

Amortisation is calculated to allocate the costs of the computer software less their residual values, using straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of profit or loss. The useful life used in the calculation of amortisation is 4 years.

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

**Leases**

***Group as a lessee***

The Group has entered into various lease contracts having tenure ranging from 3 to 19 years. Lease terms, are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Leases (continued)**

***Group as a lessee (continued)***

***I. Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Land	18 years
Branch premises and warehouses	3 - 19 years
Motor vehicles	4 years

Right-of-use assets are also subject to impairment.

***II. Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset and is recognised under other liabilities in the consolidated statement of financial position.

***III. Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term in the consolidated statement of profit or loss.

**Impairment of non-financial assets**

***Non-financial assets other than goodwill***

Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use.

***Goodwill***

Goodwill is not subject to amortisation and are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
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**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Impairment of non-financial assets (continued)**

*Goodwill (continued)*

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination.

The recoverable amount of an asset or CGU is the greater of its value in use, and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognised in consolidated statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

*Reversal of impairment loss*

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale, and the provision for obsolete inventory is created in accordance with the management's assessment.

**Financial instruments**

**Financial assets**

*Classification*

The Group classifies its financial assets to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies these financial assets when and only when its business model for managing those assets changes.

The Group's financial assets at amortised cost include trade and most other receivables, treasury bills and cash and cash equivalents. As at reporting date, the Group does not hold any financial assets subsequently measured at fair value.

*Recognition and measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated statement of profit or loss.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Financial instruments (continued)**

***Financial assets (continued)***

***Recognition and measurement (continued)***

Trade receivables are initially recognised at transaction price (unless there is significant financing component) and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. According to the Group business model, the Group subsequently measures debt instruments at amortised cost for assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in other gains/ (losses), together with foreign exchange gains and losses.

***Impairment***

The Group assesses on a forward-looking basis, the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

***Financial liabilities***

***Classification***

Financial liabilities are classified, at initial recognition, as borrowings or payables. The Group's financial liabilities include lease liabilities, borrowings, bank overdrafts and trade and most other payables.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Payables represent liabilities for goods or services provided to the Group prior to the end of financial year and unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

***Recognition, measurement and derecognition***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated profit or loss as other income or finance costs.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**EDITA Food Industries (S.A.E.) and its subsidiaries**  
**Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)**  
**For the year ended December 31, 2023**

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**4 Material accounting policies information (continued)**

**Financial instruments (continued)**

***Recognition, measurement and derecognition (continued)***

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in consolidated profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

***Fair value of financial instruments***

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Non-financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

**Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown in current liabilities.

**Government grants**

***Loans at reduced interest rates***

The Group has obtained loan facilities from commercial banks under the Central Bank of Egypt's initiative to support Egyptian manufacturing Companies.



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**4 Material accounting policies information (continued)**

**Government grants (continued)**

***Loans at reduced interest rates (continued)***

Under this scheme, the loans are provided to the qualifying companies at reduced interest rates and the payment of reduced interest rates is subject to the conditions, as laid out in the relevant loan agreements. The difference between the prevailing market interest rates and applicable rates is treated as government grant. These government grants are initially recognised at fair value when there is reasonable assurance that it will be received, and the Group will comply with the conditions associated with these grants.

These government grants are deferred and recognised in the consolidated statement of profit or loss on a systematic basis over the period necessary to match them with the interest costs that they are intended to compensate.

***Export subsidy***

The Government of Egypt operates an export subsidy program managed by Export Development Fund. The scheme was established under Law No. 155 of 2002 to create incentives for Egyptian companies to grow exports. The Group operates in qualifying sectors and the subsidy represents a percentage of the export value depending on a set of variables including the percentage of local components, location of the factory, export destination and amongst others. The subsidy on export sales is recognised when there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

The subsidy is recognised under other income in the consolidated statement of profit or loss on a gross basis. Export subsidy is recognised immediately as income, as this is provided by the Government to compensate the Group for export sales already made.

***Investment subsidy***

The Government of Morocco operates investment incentive schemes under which, subsidies and concessions are provided to companies establishing and operating industrial units in certain regions of Morocco.

The Group is entitled to subsidies and concessions which are subject to conditions (such as acquisition and installation of industrial unit and operating the same for a specific period of time), as laid out under the relevant schemes. The subsidies are recognised when there is a reasonable assurance that these will be received, and the Group will comply with all attached conditions.

These government grants are deferred and recognised in the consolidated statement of profit or loss on a systematic basis over the period necessary to match them with the related costs that they are intended to compensate.

**Employee benefits**

***Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

***Profit-sharing and bonus plans***

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

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**4 Material accounting policies information (continued)**

**Employee benefits (continued)**

*Post-employment obligation*

*Defined benefit plan*

The liability recognised in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The defined benefit plan defines an amount of benefits to be provided in the form of 15 working days payment for each year they had worked for the Group for employees who reach the age of sixty, according to the following criteria:

- The contribution is to be paid to employees for their working period at the Group only;
- The working period must be not less than ten years; and
- The maximum contribution is 12 months' salary.

For defined contribution plans, the Group pays fixed contributions to social insurance authority on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

***Termination benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer and in accordance with labour law. Falling due more than 12 months after the end of the reporting period are discounted to present value.

**Provisions**

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

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**4 Material accounting policies information (continued)**

**Provisions (continued)**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be probable. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate to the expenditures required to settle the obligation at the end of the period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

**Taxation**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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**4 Material accounting policies information (continued)**

**Treasury shares**

When any entity within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued. Repurchased shares are classified as treasury shares and are presented in equity. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included within equity.

**Dividends**

Obligation is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

**Revenue recognition**

The Group recognises revenue from contracts with customers when control of the goods or services is transferred to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognises revenue from contracts with customers based on the five steps model set out as follows:

*Step 1: identify the contract(s) with a customer:*

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

*Step 2: identify the performance obligations in the contract:*

A performance obligation is a promise in a contract with a customer to transfer a good or services to the customer.

*Step 3: Determine the transaction price:*

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

*Step 4: Allocate the transaction price to the performance obligations in the contract:*

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

*Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation:*

An entity shall consider the terms of the contract, as well as any laws that apply to the contract, when evaluating whether it has an enforceable right to payment for performance completed to date.

For assessing the existence and enforceability of a right to payment and whether an entity's right to payment would entitle the entity to be paid for its performance completed to date.

To determine the point in time at which a customer obtains control of a promised asset and the Group satisfies a performance obligation, the Group considers the requirements for control.

In addition, the Group considers indicators of the transfer of control, which include, but are not limited to, the following:

- The Group has a present right to payment for the asset. The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

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**Notes to the consolidated financial statements (continued)**  
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**4 Material accounting policies information (continued)**

**Revenue recognition (continued)**

*Sales of goods*

Sales are recognised as revenue at point in time when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, risks of damage and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with retrospective volume discounts for export sales based on aggregate sales over a 3 months' period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

Accumulated experience is used to estimate and provide for the discounts, based on actual volume, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Interest income**

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

**Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer and Board of Directors. The Board of the Company has appointed a Chief Operating Decision-Maker who assesses the financial performance and position of the Group and makes strategic decisions. This Chief Operating Decision-Maker has been identified as the Chief Executive Officer.

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent, excluding any costs of servicing equity other than ordinary shares, by the weight average number of ordinary shares in issue during the year (excluding ordinary shares purchased by the Group and held as treasury shares).

*Diluted earnings per share*

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 Group 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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**5 Financial risk management**

The Group's activities expose it to a variety of financial risks i.e. market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors (the "Board"). Group's Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Egyptian Pounds	Cash flow forecasting, sensitivity analysis	by dealing with local banks which offer official exchange rates and the rest from its exports in US Dollars
Market risk - interest rate	Long-term borrowing at variable rates	Sensitivity analysis	Investment in short treasury bills
Market risk - security prices	No investment in quoted equity securities	Not applicable	Not applicable
Credit risk	Cash and cash equivalents, trade receivables and held-to-maturity investments	Aging analysis, credit ratings	Diversification of bank deposits, credit limits and governmental treasury bills
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

**5.1 Market risk**

***Foreign exchange risk***

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, United States Dollar (USD), Moroccan Dirhams (MAD) and Pound Sterling (Pound). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group covers part of its imports of raw materials in foreign currency by local banks that the Group deals within official rates and the rest from its exports in USD.

During the year, the following foreign-exchange related amounts were recognised in the consolidated statement of profit or loss and other comprehensive income:

	<b>2023</b>	<b>2022</b>
	<b>EGP</b>	<b>EGP</b>
<b>Amounts recognised in profit or loss</b>		
Foreign exchange gain – net	<b>44,116,322</b>	34,991,475
<b>Net gains/(losses) recognised in comprehensive income</b>		
Foreign currency translation reserve - net of tax	<b>18,178,708</b>	(32,952,398)

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**5 Financial risk management (continued)**

**5.1 Market risk (continued)**

*Foreign exchange risk (continued)*

As at year end, major financial assets/(liabilities) in foreign currencies were as follows:

	2023			2022
	Assets	Liabilities	Net	Net
	EGP	EGP	EGP	EGP
Euros	197,068,938	(145,028,820)	52,040,118	(58,691,443)
United States Dollars (USD)	479,095,288	(876,315,978)	(397,220,690)	(14,975,569)
Moroccan Dirhams (MAD)	82,490,372	(525,831,826)	(443,341,454)	(192,536,430)
Pound Sterling (Pound)	19	(21,543)	(21,524)	22,811

*Sensitivity analysis*

As shown in the table above, the Group is primarily exposed to changes in Euro/EGP, USD/EGP, MAD/EGP and Pound/EGP exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from Euro, USD, MAD and Pound denominated financial instruments. The sensitivity analysis, as disclosed below, is in line with the average devaluation of EGP against foreign currencies during the year as well as subsequent to the reporting date.

*Euro/EGP*

As at December 31, 2023, if the Egyptian Pounds had weakened/strengthened by 30% (2022: 30%) against the Euro with all other variables held constant, post-tax profit for the year would have been EGP 15,612,035 (2022: EGP 17,607,433) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated financial assets and liabilities.

*USD/EGP*

As at December 31, 2023, if the Egyptian Pounds had weakened/strengthened by 30% (2022: 30%) against the USD with all other variables held constant, post-tax profit for the year would have been EGP 119,166,207 (2022: EGP 4,492,671) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD denominated financial assets and liabilities.

*MAD/EGP*

As at December 31, 2023, if the Egyptian Pounds had weakened/strengthened by 30% (2022: 30%) against the MAD with all other variables held constant, post-tax profit for the year would have been EGP 133,002,436 (2022: EGP 57,760,929) lower/higher, mainly as a result of foreign exchange losses/gains on translation of MAD denominated financial assets and liabilities.

*Pound Sterling/EGP*

As at December 31, 2023, if the Egyptian Pounds had weakened/strengthened by 30% (2022: 30%) against the Pound Sterling with all other variables held constant, post-tax profit for the year would have been EGP 6,457 (2022: EGP 6,843) lower/higher, mainly as a result of foreign exchange losses/gains on translation of Pound denominated financial assets and liabilities.

**Price risk**

The Group has no investments in quoted equity securities, so it is not exposed to the fair value risk due to changes in the prices.

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**5 Financial risk management (continued)**

**5.1 Market risk (continued)**

*Cash flow and fair value interest rate risk*

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term treasury bills which are renewed with the applicable interest rate at the time of renewal. Borrowings measured at amortised cost with variable rates do not expose the group to fair value interest rate risk.

As at December 31, 2023, if interest rates on EGP denominated net interest bearing liabilities had been 5% (2022: 1%) higher/lower with all other variables held constant, post-tax profit for the year would have been EGP 77,137,260 (2022: EGP 9,531,426) lower/higher, mainly as a result of increase/decrease in interest expense on floating rate borrowings.

Borrowings at the reporting date with variable interest rate amounted to EGP 946,022,734 (2022: EGP 451,480,048).

Overdraft balance as at December 31, 2023 amounted to EGP 596,722,472 (2022: EGP 501,662,588).

There is no cash flow interest rate risk on fixed rate borrowings since they carry a fixed rate of interest. Interest rates on these borrowings is close to the market rate of interest and therefore their carrying values approximate the fair value.

The exposure of the Group's borrowings to interest rates changes of the borrowings as at the end of reporting period are disclosed below.

	2023		2022	
	Amount EGP	% of total borrowings	Amount EGP	% of total borrowings
Variable rate borrowings	946,023,846	66%	451,480,048	46%
Fixed rate borrowings	481,017,393	34%	532,555,348	54%
Total	1,427,041,239	100%	984,035,396	100%

**5.2 Credit risk**

*Risk management*

Credit risk is managed on Group basis, except for credit risk relating to trade receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, treasury bills, as well as credit exposures to customers, including outstanding receivables.

*Security*

For banks and financial institutions, the Group is mainly dealing with the banks with good reputation and subject to rules of the Central Banks of Egypt, Cyprus and Morocco.

For the customers, the Group assesses the credit quality of the customers, taking into account its financial position, and their market reputation, past experience and other factors.

*Credit quality*

Treasury Bills are issued by the government and are considered with a high credit rating (Egypt B-).

No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties except for trade receivables presented in Note 13.



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**5 Financial risk management (continued)**

**5.2 Credit risk (continued)**

***Credit quality (continued)***

The maximum exposure to credit risk is the amount of receivables, bank balances and treasury bills.

The Group mainly sells to retail customers which are required to be settled in cash, therefore there is no significant concentration of credit risk.

The maximum outstanding balance from a single customer as at December 31, 2023 was 29% (2022: 31.3%).

The Group exposure to expected credit losses was quantified and found to be immaterial. Outstanding trade and notes receivables are current and not impaired.

*Trade receivables (Counter parties without external credit rating)*

	2023 EGP	2022 EGP
Trade and notes receivables	<u>105,537,703</u>	<u>79,797,130</u>

*Cash at bank and short-term bank deposits*

All current accounts and deposits are held at Egyptian banks subject to the supervision of the Central Bank of Egypt except for the Group's banks in Edita Participation Limited and Edita Food Industries Morocco. The credit ratings for the banks, with which the Group, are as follows:

Bank	Credit rating
Qatar National Bank (QNB)	A
Credit Agricole Egypt (CAE)	A+
Commercial International Bank (CIB)	B-
Citibank Egypt	A
National Bank of Kuwait (NBK)	B-
Arab Bank of Egypt (ABE)	BB
Al Ahli Bank of Kuwait (ABK)	A
Ahli United Bank (AUB)	A
Attijariwafa Bank	BB+
Bank of Cyprus	B+
Banque Misr (BM)	B-
National Bank of Egypt (NBE)	B-

***Impairment of trade receivables and contract assets***

The Group applies simplified approach available in IFRS 9 for measuring the expected credit losses which uses a lifetime expected loss allowance for all the trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared link characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2023 or January 1, 2023, respectively, and the corresponding historical credit losses experiences within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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**Notes to the consolidated financial statements (continued)**  
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**5 Financial risk management (continued)**

**5.2 Credit risk (continued)**

*Impairment of trade receivables and contract assets (continued)*

The expected credit loss allowance as at December 31, 2023 and December 31, 2022 was determined as follows:

	Current EGP	30 days past due EGP	31 to 90 days past due EGP	91 to 180 days past due EGP	Total EGP
<b>December 31, 2023</b>					
Gross carrying amount	39,222,094	-	63,654,215	2,661,394	105,537,703
Loss allowance and rate	-	-	-	-	-
	Current EGP	30 days past due EGP	31 to 90 days past due EGP	91 to 180 days past due EGP	Total EGP
<b>December 31, 2022</b>					
Gross carrying amount	75,749,841	4,046,707	582	-	79,797,130
Loss allowance and rate	-	-	-	-	-

**5.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal consolidated statement of financial position ratio targets.

The table below summarizes the maturities of the Group's undiscounted financial liabilities as at December 31, 2023 and December 31, 2022, based on contractual payment dates and current interest rates.

	Less than 6 month EGP	Between 6 month and 1 year EGP	Between 1 and 5 years EGP	More than 5 years EGP
<b>December 31, 2023</b>				
Borrowings	123,243,861	174,513,632	386,729,911	742,553,835
Trade and other payables	1,383,888,532	-	-	-
Bank overdraft	596,722,472	-	-	-
Lease liabilities	14,674,941	13,289,330	102,036,110	111,669,358
<b>Total</b>	<b>2,118,529,806</b>	<b>187,802,962</b>	<b>488,766,021</b>	<b>854,223,193</b>

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**5 Financial risk management (continued)**

**5.3 Liquidity risk (continued)**

	Less than 6 month EGP	Between 6 month and 1 year EGP	Between 1 and 5 years EGP	More than 5 years EGP
<i>December 31, 2022</i>				
Borrowings	131,331,600	113,207,407	256,000,674	483,495,715
Trade and other payables	1,006,229,685	-	-	-
Bank overdraft	501,662,588	-	-	-
Lease liabilities	11,111,954	14,004,579	71,098,009	91,798,298
<b>Total</b>	<b>1,650,335,827</b>	<b>127,211,986</b>	<b>327,098,683</b>	<b>575,294,013</b>

*Financing arrangements*

The Group had access to the following undrawn borrowing facilities as at the reporting date.

	<b>2023</b> <b>EGP</b>	<b>2022</b> <b>EGP</b>
Expiring within 1 year (bank overdrafts)	<b>1,826,153,800</b>	1,134,132,481
Expiring beyond 1 year (bank loans)	<b>973,750,000</b>	58,421,681
<b>Total</b>	<b>2,799,903,800</b>	<b>1,192,554,162</b>

**5.4 Capital management**

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt represents all loans and borrowings and bank overdraft less cash and cash equivalents. Total capital is calculated as equity, plus net debts.

	<b>2023</b> <b>EGP</b>	<b>2022</b> <b>EGP</b>
Total borrowings	<b>1,427,041,239</b>	984,035,396
Bank overdraft	<b>596,722,472</b>	501,662,588
<b>Total borrowings and loans</b>	<b>2,023,763,711</b>	1,485,697,984
Less: cash and bank balances	<b>(1,009,902,806)</b>	(494,387,411)
<b>Net debt</b>	<b>1,013,860,905</b>	991,310,573
Total equity attributable to the Owners of the Parent	<b>3,329,213,585</b>	2,621,602,755
<b>Total capital</b>	<b>4,343,074,490</b>	<b>3,612,913,328</b>
<b>Gearing ratio</b>	<b>23%</b>	<b>27%</b>

*Loan covenants*

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- The debt to equity ratio must be not more than 2:1;
- Debt service ratio shall not fall below 1.2;

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**Notes to the consolidated financial statements (continued)**  
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**5 Financial risk management (continued)**

**5.4 Capital management (continued)**

*Loan covenants (continued)*

- Leverage ratio shall not exceed 2:1;
- Current ratio shall not be less than 0.8;
- Liabilities to Tangible Net Worth Ratio of not more than 2.1;
- Net Financial Debt to EBITDA Ratio of not more than 1.8;

As at December 31, 2023, the Group was in compliance with the debt covenants.

**5.5 Fair value estimation**

The fair value of financial assets or liabilities with maturities date less than one year is assumed to approximate their carrying value. The fair value of financial liabilities, for disclosure purposes, is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**6 Accounting estimates, assumptions and judgments**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**6.1 Critical accounting estimates and assumptions**

Estimates and adjustments are continually being evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

***Impairment of goodwill and intangible assets having infinite useful lives***

The Group tests whether goodwill and intangible assets having infinite useful lives have suffered any impairment at each reporting date. The recoverable amount of a cash generating unit (CGU) is determined based on value in use calculations which require the use of assumptions (Note 9). The changes in those assumptions may cause actual results to vary significantly and cause significant adjustments to the afore-said goodwill and intangible assets within the next financial year.

**6.2 Other accounting estimates**

***Useful lives of depreciable assets***

Management reviews the useful lives of depreciable assets at each reporting date. At each reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Note 7. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

***Write-off/provision for obsolete and expired inventories***

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology, expiration dates or other market-driven changes that may reduce future selling prices.

Inventories are stated at the lower of cost and net realisable value. When inventories expire, become old or obsolete, an estimate is made of their net realisable value.

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**6 Accounting estimates, assumptions and judgments (continued)**

**6.2 Other accounting estimates (continued)**

***Write-off/provision for obsolete and expired inventories (continued)***

For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, are assessed collectively and a provision percentage is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Inventories that have approached their expiration dates are written off in the consolidated statement of profit or loss for the relevant year (refer Note 11).

***Employee benefit retirement obligations***

The present value of employees' defined benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost of employees' benefits include the discount rate of future cash outflows and any changes in these assumptions will impact the carrying amount of employees' benefits.

The Group determines the appropriate discount rate of cash flows at the end of each financial year. The discount rate is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefits obligations. The Group considers the discount rate at the end of the financial year on market returns on the government bonds denominated in the currency and the year estimated for the defined benefits obligations (refer Note 20).

***Sales returns***

The Group, based on past performance, are confident that the quality of products is such that the expiry and dissatisfaction rate will be below 1%. Management has determined that it is highly probable that there will be no reversal of revenue recognised and a significant reversal in the amount of revenue will not occur.

***Determining the lease term***

Extension and termination options are included in a number of leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a termination option. Years after termination options are only included in the lease term if the lease is reasonably certain not to be terminated.

***Determination of appropriate discount rate in measuring lease liabilities***

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

**6.3 Critical judgments in applying the Group's accounting policies**

***Assessment/reassessment of control***

The management makes judgements, as to whether or not the Group controls an investee, at the time of acquisition of the investee and subsequently if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in IFRS 10. Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification of any of the Group's subsidiaries held as at January 1, 2023.

The Group has also assessed that it obtained control of Edita Frozen Foods Industries S.A.E. by acquiring 100% ownership interest in the investee during the year ended December 31, 2023 (refer Note 10).

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**7 Property, plant and equipment**

**As at January 1, 2023**

Cost	106,714,128	1,119,953,713	1,789,646,950	368,329,286	272,791,918	159,141,122	39,405,763	3,855,982,880
Accumulated depreciation	-	(288,100,855)	(548,107,184)	(197,822,922)	(160,235,338)	(119,015,077)	-	(1,313,281,376)
<b>Net book value</b>	<b>106,714,128</b>	<b>831,852,858</b>	<b>1,241,539,766</b>	<b>170,506,364</b>	<b>112,556,580</b>	<b>40,126,045</b>	<b>39,405,763</b>	<b>2,542,701,504</b>

**Year ended December 31, 2023**

Opening net book value	106,714,128	831,852,858	1,241,539,766	170,506,364	112,556,580	40,126,045	39,405,763	2,542,701,504
Additions	-	-	13,179,134	172,598,152	15,734,668	23,253,353	375,169,338	599,934,645
Acquired through business combination (Note 10)	42,436,000	64,549,590	193,883,462	1,817,858	5,629,240	326,084	86,272,746	394,914,980
Depreciation charge	-	(40,621,577)	(96,213,511)	(52,735,680)	(39,843,084)	(21,105,126)	-	(250,518,978)
Disposals	-	-	-	(10,650,385)	(646,521)	(575,471)	-	(11,872,377)
Write-off	-	-	-	-	-	-	(832,367)	(832,367)
Accumulated depreciation of Disposals	-	-	-	10,227,937	636,258	575,471	-	11,439,666
Transfers from Projects under Construction	-	51,276,581	52,235,599	-	33,006,227	-	(136,518,407)	-
Transfers to intangible assets (Note 9.3)	-	-	-	-	-	-	(472,063)	(472,063)
Foreign currency translation Differences	-	39,957,225	39,695,989	-	5,468,500	1,044,735	(34,298)	86,132,151
<b>Closing net book value</b>	<b>149,150,128</b>	<b>947,014,677</b>	<b>1,444,320,439</b>	<b>291,764,246</b>	<b>132,541,868</b>	<b>43,645,091</b>	<b>362,990,712</b>	<b>3,371,427,161</b>

**As at December 31, 2023**

Cost	149,150,128	1,275,737,109	2,088,641,134	532,094,911	331,984,032	183,189,823	362,990,712	4,923,787,849
Accumulated depreciation	-	(328,722,432)	(644,320,695)	(240,330,665)	(199,442,164)	(139,544,732)	-	(1,552,360,688)
<b>Net book value</b>	<b>149,150,128</b>	<b>947,014,677</b>	<b>1,444,320,439</b>	<b>291,764,246</b>	<b>132,541,868</b>	<b>43,645,091</b>	<b>362,990,712</b>	<b>3,371,427,161</b>

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**7 Property, plant and equipment (continued)**

	Land EGP	Buildings EGP	Machinery and equipment EGP	Vehicles EGP	Tools and equipment EGP	Furniture and office equipment EGP	Projects under construction EGP	Total EGP
As at January 1, 2022								
Cost	120,908,260	977,086,803	1,427,515,906	328,235,873	215,503,703	141,982,672	88,588,582	3,299,821,799
Accumulated depreciation	-	(245,016,347)	(486,348,876)	(173,512,140)	(128,094,146)	(101,224,006)	-	(1,134,195,515)
Net book value	120,908,260	732,070,456	941,167,030	154,723,733	87,409,557	40,758,666	88,588,582	2,165,626,284
Year ended December 31, 2022								
Opening net book value	120,908,260	732,070,456	941,167,030	154,723,733	87,409,557	40,758,666	88,588,582	2,165,626,284
Additions	-	-	2,124,681	58,354,200	17,530,350	9,212,836	263,058,172	350,280,239
Acquired through business combination (Note 10)	-	131,966,747	66,939,592	335,997	6,959,566	1,243,270	1,110,444	208,555,616
Depreciation charge	-	(43,227,888)	(73,326,791)	(41,072,694)	(32,564,356)	(17,905,197)	-	(208,096,926)
Disposals	(14,194,132)	(827,195)	(18,262,325)	(18,596,784)	(2,854,194)	(128,416)	(11,424,715)	(66,287,761)
Accumulated depreciation of Disposals	-	143,380	11,568,483	16,761,912	423,164	114,126	-	29,011,065
Transfers from Projects under Construction	-	21,153,462	225,366,788	-	35,400,690	6,750,205	(288,671,145)	-
Transfers to intangible assets (Note 9.3)	-	-	-	-	-	-	(11,913,188)	(11,913,188)
Foreign currency translation Differences	-	(9,426,104)	85,962,308	-	251,803	80,555	(1,342,387)	75,526,175
Closing net book value	106,714,128	831,852,858	1,241,539,766	170,506,364	112,556,580	40,126,045	39,405,763	2,542,701,504

As at December 31, 2022

Cost	106,714,128	1,119,953,713	1,789,646,950	368,329,286	272,791,918	159,141,122	39,405,763	3,855,982,880
Accumulated depreciation	-	(288,100,855)	(548,107,184)	(197,822,922)	(160,235,338)	(119,015,077)	-	(1,313,281,376)
Net book value	106,714,128	831,852,858	1,241,539,766	170,506,364	112,556,580	40,126,045	39,405,763	2,542,701,504

In 2023, the Group has capitalised certain completed projects during the year amounting to EGP 136.52 million (2022: EGP 288.67 million) which were transferred from projects under construction to the appropriate classes of assets. The capitalised assets are mainly buildings, machinery and equipment, and tools and equipment (2022: buildings, machinery and equipment, tools and equipment, and furniture and office equipment).

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**7 Property, plant and equipment (continued)**

Depreciation included in the consolidated statement of profit or loss are as follows:

	2023 EGP	2022 EGP
Charged to cost of sales	169,510,250	141,555,056
Charged to distribution costs	58,040,148	46,293,573
Charged to administrative expenses	22,968,580	20,248,297
	<b>250,518,978</b>	<b>208,096,926</b>

As at December 31, 2023, a balance of EGP 362.99 million (2022: EGP 39.41 million) in projects under construction represents new production lines. The nature of these projects under construction is as follows.

	2023 EGP	2022 EGP
Buildings	93,585,983	8,515,406
Machinery and equipment	219,166,801	18,544,194
Tools and equipment	10,030,475	8,483,831
Technical and other installations	40,207,453	3,862,332
	<b>362,990,712</b>	<b>39,405,763</b>

**8 Right-of-use assets**

Right-of-use assets represent lease contracts entered into by the Group. The carrying amounts of the right-of-use assets and the movements during the year are shown below:

	2023				2022
	Land	Branch	Motor	Total	Total
	EGP	premises and warehouses EGP	vehicles EGP	EGP	EGP
<b>Gross carrying amount</b>					
As at January 1,	46,378,253	79,388,394	4,923,730	130,690,377	74,153,925
Additions during the year	-	28,169,086	-	28,169,086	40,613,582
Acquired through business combination (Note 10)	-	2,318,978	-	2,318,978	17,515,731
Leases terminated during the year	-	(2,318,978)	-	(2,318,978)	-
Derecognition of expired leases	-	-	-	-	(5,283,740)
Foreign currency translation Differences	15,867,981	-	2,016,927	17,884,908	3,690,879
As at December 31,	<b>62,246,234</b>	<b>107,557,480</b>	<b>6,940,657</b>	<b>176,744,371</b>	<b>130,690,377</b>
<b>Accumulated depreciation</b>					
As at January 1,	1,081,369	33,214,549	159,045	34,454,963	27,003,992
Charge for the year	8,952,797	14,151,549	1,602,220	24,706,566	12,734,711
Leases terminated during the year	-	(872,734)	-	(872,734)	-
Derecognition of expired leases	-	-	-	-	(5,283,740)
As at December 31,	<b>10,034,166</b>	<b>46,493,364</b>	<b>1,761,265</b>	<b>58,288,795</b>	<b>34,454,963</b>
<b>Net carrying amount as at December 31,</b>	<b>52,212,068</b>	<b>61,064,116</b>	<b>5,179,392</b>	<b>118,455,576</b>	<b>96,235,414</b>



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**8 Right-of-use assets (continued)**

Depreciation included in the consolidated statement of profit or loss are as follows:

	2023 EGP	2022 EGP
Charged to cost of sales	9,825,532	1,173,361
Charged to distribution costs	13,505,526	11,561,350
Charged to administrative expenses	1,375,508	-
	<u>24,706,566</u>	<u>12,734,711</u>

The corresponding lease liabilities pertaining to these right-of-use assets are presented in Note 22.

**9 Intangible assets and goodwill**

	2023 EGP	2022 EGP
Intangible assets with infinite useful lives (Note 9.1)	162,911,642	162,911,642
Goodwill on acquisition of subsidiaries (Note 9.2)	82,530,384	42,634,435
Intangible assets having finite useful lives - software (Note 9.3)	18,925,621	23,680,488
	<u>264,367,647</u>	<u>229,226,565</u>

**9.1 Intangible assets with infinite useful lives**

	Trademarks (A) EGP	Know-how (B) EGP	Total EGP
<b>2023</b>			
Balance as at January 1,	131,480,647	31,430,995	162,911,642
<b>Balance as at December 31,</b>	<u>131,480,647</u>	<u>31,430,995</u>	<u>162,911,642</u>
	Trademarks (A) EGP	Know-how (B) EGP	Total EGP
<b>2022</b>			
Balance as at January 1,	131,480,647	31,430,995	162,911,642
Balance as at December 31,	<u>131,480,647</u>	<u>31,430,995</u>	<u>162,911,642</u>

**A. Trademarks**

These represent amounts paid in the previous years for buying rights to the trademarks (Hohos, Twinkies and Tiger Tail) for Egypt, Jordan, Libya, Palestine, Algeria, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia and United Arab Emirates of USD 18 million, equivalent to EGP 131.48 million (at the date of the agreement). These trademarks do not have a finite useful life.

**B. Know-how**

On April 16, 2015, the Group signed a "License and Technical Assistance Agreement" with purpose to acquire the license, know-how and technical assistance for some Hostess Brands products in Egypt, Libya, Palestine, Jordan, Algeria, Bahrain, Iraq, Jordan, Lebanon, Kuwait, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, and the United Arab Emirates. The amount spent in relation to afore-said agreement of USD 4 million, equivalent to EGP 31.43 million (at the date of the agreement), has been recognised as intangible asset. This intangible asset does not have a finite useful life.

**Impairment test for infinite life intangible assets**

Irrespective of any indicators of impairment, these intangible assets are tested for impairment at each reporting date in accordance with the requirements of applicable reporting framework and accounting policy adopted by the Group.

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**Notes to the consolidated financial statements (continued)**  
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**9 Intangible assets and goodwill (continued)**

**9.1 Intangible assets with infinite useful lives (continued)**

*Impairment test for infinite life intangible assets (continued)*

These intangible assets are monitored by the management at the level of cake segment, cash generating unit (CGU) of the Group. The recoverable amount of these intangible assets is determined based on value-in-use calculation, determined using royalty relief method. The calculations apply cash flows projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate as stated below. This terminal growth rate is consistent with forecasts included in industry reports specific to the industry where the CGU is operating.

Assumptions used by the Group when testing the impairment of these intangible assets as at December 31 are as follows:

	2023	2022
Royalty rate	1.50%	1.50%
Average sales growth rate	12.64%	11.38%
Discount rate	24.80%	15.50%
Terminal growth rate	5.00%	5.00%

Management has determined the value assigned to each of the above key assumption as follows:

Assumption	Approach used
Royalty rate	This is based on the expected royalty savings as a consequence of having the ownership of the intangible assets. The Group has used income approach to determine the applicable royalty rate. This approach involves evaluating the potential income that can be generated from the use of these intangible assets and using this information to determine an appropriate royalty rate.
Sales growth rate	This takes in to account sales price growth (i.e. average annual growth rate over the five-year forecast period, based on current industry trends and including long term inflation forecasts) and sales volume growth (i.e. average annual growth rate over the five-year forecast period, based on past performance and management's expectations of market development).
Discount rates	Reflect specific risks relating to the industry in which it operates.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

The Group tests the impairment of these intangible assets depending on financial and operational position in the prior years, and its expectation for the market in the future by preparing a business plan using the afore-said assumptions. As at the reporting date, the carrying value of the intangible assets is less than its recoverable amount.

*Sensitivity of recoverable amounts*

The growth rate in the forecast period has been estimated to be 5%. If all other assumptions kept the same, a reduction of this growth rate by 20% (i.e. to 4%) would give a value in use exceeding the current carrying amount.

The discount rate in the forecast period has been estimated to be 24.8%. If all other assumptions kept the same, an increase in this discount rate by 4% (i.e. to 25.8%) would give a value in use exceeding the current carrying amount.

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**9 Intangible assets and goodwill (continued)**

**9.2 Goodwill**

	2023 EGP	2022 EGP
As at January 1,	42,634,435	-
Goodwill arising from acquisition of Edita Frozen Foods Industries S.A.E. (formerly Fancy Food Industries S.A.E.) (Note 10)	11,295,552	-
Goodwill arising from acquisition of Edita Food Industries Morocco (Note 10)	-	42,634,435
Foreign currency translation differences	28,600,397	-
<b>As at December 31,</b>	<b>82,530,384</b>	<b>42,634,435</b>

***Impairment test for goodwill***

Irrespective of any indicators of impairment, goodwill arising on acquisition of subsidiaries is tested for impairment at each reporting date in accordance with the accounting policy adopted by the Group.

The goodwill is monitored by the management at the level of the subsidiary to whom it relates i.e. the concerned cash generating unit (CGU) of the Group. The recoverable amount of the goodwill is determined based on value-in-use calculation which require the use of assumptions. The calculations apply cash flows projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate as stated below. This terminal growth rate is consistent with forecasts included in industry reports specific to the industry where the CGU is operating.

Assumptions used by the Group when testing the impairment of the goodwill as at December 31 are as follows:

	2023	2022
Sales growth rate	22.05%	46.00%
EBITDA margin	6.03%	8.54%
Terminal growth rate	5.00%	3.00%
Discount rate	8.50%	8.62%

Management has determined the value assigned to each of the above key assumption as follows:

<b>Assumption</b>	<b>Approach used</b>
Sales growth rate	This takes in to account sales price growth (i.e. average annual growth rate over the five-year forecast period, based on current industry trends and including long term inflation forecasts) and sales volume growth (i.e. average annual growth rate over the five-year forecast period, based on past performance and management's expectations of market development).
EBITDA margin	Based on past performance and management's expectations for the future.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Discount rates	Reflect specific risks relating to the industry in which it operates.

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**9 Intangible assets and goodwill (continued)**

**9.2 Goodwill (continued)**

*Impairment test for goodwill (continued)*

The Group tests the impairment of the goodwill depending on financial, operational, marketing position in the prior years, and its expectation for the market in the future by preparing a business plan using the growth rate and the discount rate prevailing. As at the reporting date, the carrying value of the goodwill is less than its recoverable amount.

*Sensitivity of recoverable amounts*

The growth rate in the forecast period has been estimated to be 5%. If all other assumptions kept the same, a reduction of this growth rate by 20% (i.e. to 4%) would give a value in use exceeding the current carrying amount.

The discount rate in the forecast period has been estimated to be 8.5%. If all other assumptions kept the same, an increase in this discount rate by 23.5% (i.e. to 10.5%) would give a value in use exceeding the current carrying amount.

**9.3 Intangible assets with finite useful lives - software**

	2023 EGP	2022 EGP
<b>Gross carrying amount</b>		
As at January 1,	34,836,391	22,923,203
Transfers from projects under construction (Note 7)	472,063	11,913,188
Additions during the year	2,326,936	-
As at December 31,	37,635,390	34,836,391
<b>Accumulated amortization</b>		
As at January 1,	11,155,903	5,121,667
Charge for the year	7,553,866	6,034,236
As at December 31,	18,709,769	11,155,903
<b>Net carrying amount as at December 31,</b>	<b>18,925,621</b>	<b>23,680,488</b>

Amorization included in the consolidated statement of profit or loss are as follows:

	2023 EGP	2022 EGP
Charged to administrative expenses	7,553,866	6,034,236

**10 Business combinations**

**Acquisitions in 2023**

*Acquisition of Edita Frozen Foods Industries S.A.E.*

During the year ended December 31, 2023, the Group acquired 100% ownership interest in Edita Frozen Foods Industries S.A.E. (formerly Fancy Foods S.A.E.) ("Frozen Foods"), a non-listed company based in Egypt and specialised in manufacturing of foods and products, in exchange for cash. The acquisition was mainly made as part of the Group's strategy for expansion of operations in Egypt. The acquisition is also expected to provide the Group with synergies benefits such as reduced costs through economies of scale, increased productivity, increase in capacity etc.

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**10 Business combinations (continued)**

**Acquisitions in 2023 (continued)**

*Acquisition of Edita Frozen Foods Industries S.A.E. (continued)*

Details of the fair value of net assets acquired and goodwill arising on acquisition, are as follows:

	June 1, 2023 EGP
Consideration paid - cash	257,206,978
Fair value of net assets acquired	(245,911,426)
Goodwill arising on acquisition (Note 9.2)	<u>11,295,552</u>
<b>Fair value of net assets acquired as at the date of acquisition</b>	
	Fair values as at June 1, 2023 EGP
<i><b>Assets acquired</b></i>	
Property, plant and equipment (Note 7)	394,914,980
Right-of-use assets (Note 8)	2,318,978
Inventories	1,075,424
Trade and other receivables	5,195,663
Cash and cash equivalents	440,012
<b>Total assets acquired</b>	<u>403,945,057</u>
<i><b>Liabilities assumed</b></i>	
Borrowings and bank overdrafts	(96,985,258)
Deferred tax liabilities, net (Note 21)	(30,724,595)
Lease liabilities (Note 22)	(1,570,288)
Trade and notes payable, due to related parties and other payables	(25,210,099)
Provisions (Note 23)	(3,543,391)
<b>Total liabilities assumed</b>	<u>(158,033,631)</u>
<b>Net assets acquired</b>	<u>245,911,426</u>

The management has determined the fair values of the net assets as at the date of acquisition, using the valuation methodologies as follows.

- Fair value of the property, plant and equipment as at the date of acquisition was determined using the market-based valuation techniques (i.e. market value basis for Land, adjusted cost basis for building and replacement cost method for other items). The Group has used an external expert for determining the fair values of the property, plant and equipment.
- Lease liabilities have been measured at the present value of the remaining lease payments at the date of acquisition. Necessary adjustments have been made in the carrying amounts of lease liabilities for determining the carrying amounts of right-of-use assets.
- Fair value of other assets and liabilities has been determined by management has performed an internal valuation analysis and made required adjustments to the book values as at the date of acquisition to arrive at the fair values of other assets and liabilities.

The goodwill on the business combination has mainly arisen due to synergies expected from the acquisition.

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**10 Business combinations (continued)**

**Acquisitions in 2023 (continued)**

*Acquisition of Edita Frozen Foods Industries S.A.E. (continued)*

Edita Frozen Food Industries S.A.E. earned revenue of EGP 14,031,844 and incurred net loss of EGP 46,453,523 for the period from June 1, 2023 till December 31, 2023. If the acquisition had occurred on January 1, 2023, management estimates that the Group's consolidated revenue and consolidated profit for the year would have been EGP 12,150,051,636 and EGP 1,426,940,829, respectively. In determining these amounts, the management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2023.

**Acquisitions in 2022**

*Acquisition of Edita Food Industries Morocco*

In 2022, the Group obtained control of Edita Food Industries Morocco (formerly accounted for as a joint venture) by virtue of revision to the Shareholders' Agreement and acquisition of additional ownership interest.

The details of the acquisition were as follows:

	April 30, 2022 EGP
Fair value of pre-existing interest in the subsidiary	96,996,193
Consideration paid to acquire additional 7.4% ownership interest	12,611,623
Fair value of non-controlling interest as at the date of acquisition (Note 18)	20,005,036
	<u>129,612,852</u>
Fair value of net assets acquired	(86,978,417)
Goodwill arising on acquisition (Note 9.2)	<u>42,634,435</u>

**Determination of fair value**

Fair value of net assets as at December 31, 2022 was determined on a provisional basis as follows:

	Fair value (April 30, 2022) EGP
Property, plant and equipment (Note 7)	208,555,616
Right-of-use assets (Note 8)	17,515,731
Deferred tax assets (Note 21)	9,278,278
Inventories	13,300,095
Trade and other receivables	41,982,373
Cash and bank balances	11,296,931
Bank borrowings	(147,344,377)
Trade and notes payable, due to related parties and other payables	(47,743,451)
Provisions (Note 23)	(99,733)
Lease liabilities (Note 22)	(19,763,046)
<b>Fair value of net assets acquired</b>	<u>86,978,417</u>

In April 2023, the purchase price allocation exercise was completed. However, the completion of purchase price allocation exercise has not resulted in revision of the provisional amounts of fair values of net assets and resulting goodwill thereon.

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**10 Business combinations (continued)**

**Acquisitions in 2022 (continued)**

*Acquisition of Edita Food Industries Morocco (continued)*

Valuation technique and significant unobservable inputs used by the management in determination of the fair value were as follows:

The Group has used a combination of discounted cash flows valuation method and market-based valuation method (70%-30%) for determination of the fair value. The Group has weighted the estimates made under each method, based on its assessment and judgement that market participants would apply.

Significant unobservable inputs used by the management in determination of the fair value were as follows:

	2022
<i>Discounted cash-flows method</i>	
Average sales margin	24%
Average sales growth	46%
Average discount rate	8.62%
Terminal growth rate	3%
<i>Earnings multiple method</i>	
Price to book value	1.96

**11 Inventories**

	2023 EGP	2022 EGP
Raw and packaging materials	1,598,551,501	792,411,133
Finished goods	131,477,191	70,092,406
Spare parts	74,762,407	53,032,467
Consumable	20,356,530	48,222,562
Work in process	55,159,993	25,050,325
<b>Total</b>	<b>1,880,307,622</b>	<b>988,808,893</b>
Less: provision for slow-moving and obsolete inventory	(13,323,146)	(7,309,742)
<b>Net</b>	<b>1,866,984,476</b>	<b>981,499,151</b>

The cost of individual items of inventories are determined using moving average cost method. The movement in provision for obsolete and slow-moving inventory during the year is as follows:

	2023 EGP	2022 EGP
As at January 1,	7,309,742	4,228,565
Provision for the year	10,745,226	3,900,000
Write-offs during the year	(4,731,822)	(818,823)
<b>As at December 31,</b>	<b>13,323,146</b>	<b>7,309,742</b>

The cost of inventories recognised as an expense and included in cost of sales amounted to EGP 6,974,321,592 during the year ended December 31, 2023 (2022: EGP 4,149,509,390) (Note 33).

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**12 Financial instruments by category**

The Group holds the following financial instruments:

	2023 EGP	2022 EGP
<b><i>Financial assets at amortised cost</i></b>		
Trade and other receivables (excluding non-financial assets)*	259,317,459	238,928,691
Financial assets at amortised cost – treasury bills	346,432,739	894,641,441
Cash and cash equivalents	1,009,902,806	494,387,411
<b>Total</b>	<b>1,615,653,004</b>	<b>1,627,957,543</b>
	2023 EGP	2022 EGP
<b><i>Financial liabilities at amortised cost</i></b>		
Borrowings	1,427,041,239	984,035,396
Trade and other payables (excluding non-financial liabilities) *	1,230,373,845	875,689,227
Bank overdraft	596,722,472	501,662,588
Lease liabilities	141,437,125	114,480,032
<b>Total</b>	<b>3,395,574,681</b>	<b>2,475,867,243</b>

\* Trade and other receivables presented above excludes prepaid expenses and advances to suppliers.  
Trade and other payables presented above excludes taxes payables, advances from customers, social insurances, deferred government grants, and accrued rebates.

A description of the Group's financial statements risk, including risk management objectives and policies is disclosed in Note 5 and details about fair values of these financial assets and liabilities are described in Note 38.

**13 Trade and other receivables**

	2023 EGP	2022 EGP
Trade receivables	105,450,757	75,281,567
Notes receivable	86,946	4,515,563
<b>Trade and notes receivables</b>	<b>105,537,703</b>	<b>79,797,130</b>
Advances to suppliers	475,124,332	290,881,091
Other current assets	76,623,264	68,184,260
Due from a related party (Note 35)	54,057,427	62,072,443
Deposits with others	22,785,776	20,472,047
Prepaid expenses	45,627,647	15,405,434
Letters of credit	75,767	4,494,765
Employee loans	237,522	3,908,046
	<b>780,069,438</b>	<b>545,215,216</b>

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Details about the Group's impairment policies and calculation of the expected loss allowance are provided in Notes 4 and 5.



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**14 Financial assets at amortised cost – treasury bills**

	2023 EGP	2022 EGP
<i>Treasury bills</i>		
91 days maturity	350,000,000	771,000,000
266-364 days maturity	-	150,000,000
	<u>350,000,000</u>	<u>921,000,000</u>
Unearned interest	(20,806,000)	(48,876,540)
Amount of Treasury Bills paid	<u>329,194,000</u>	<u>872,123,460</u>
Interest income recognised in profit or loss	<u>17,238,739</u>	<u>22,517,981</u>
	<u><b>346,432,739</b></u>	<u><b>894,641,441</b></u>

The average effective interest rate related to Treasury Bills is 21.21% (2022: 14.07%).

The Group has adopted 12-month ECL model, based on management assessment, there is an immaterial impact on the outstanding balance of Treasury Bills due to the following factors:

- They are issued and guaranteed by the Government of Egypt;
- There is no history of default; and
- Incorporating forward-looking information would not result in any significant increase in expected default rate.

**15 Cash and cash equivalents**

	2023 EGP	2022 EGP
Cash at banks and in hand	669,814,797	277,975,166
Time deposit - local currency	265,184,932	-
Time deposit - Foreign currency	<u>74,903,077</u>	<u>216,412,245</u>
<b>Cash and cash equivalents (excluding bank overdrafts)</b>	<u><b>1,009,902,806</b></u>	<u><b>494,387,411</b></u>

The average rate on time deposit in USD is 6% during 2023 (2022: 4.38%) with a maturity of less than a month.

The average rate on time deposit in EGP is 15% during 2023 with a maturity of less than a month.

For the purpose of preparation of the consolidated statement of cash flows, cash and cash equivalents consist of:

	2023 EGP	2022 EGP
Cash and bank balances	1,009,902,806	494,387,411
Bank overdraft (Note 24)	<u>(596,722,472)</u>	<u>(501,662,588)</u>
	<u><b>413,180,334</b></u>	<u><b>(7,275,177)</b></u>

**16 Share capital**

The Company's authorised capital determined at EGP 360,000,000 (1,800,000,000 share, with a par value of EGP 0.2 per share).

Initially, the issued and paid-up capital amounted to EGP 72,536,290 after trading distributed on 362,681,450 shares (par value EGP 0.2 per share) are distributed on the following page.

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**16 Share capital (continued)**

Shareholders	No. of Shares	Shares Value (EGP)	Percentage of ownership
Berco Ltd.	151,654,150	30,330,830	41.82%
Africa Samba B.V.	54,402,233	10,880,447	15.00%
Exoder Ltd.	47,056,732	9,411,346	12.98%
Others (Public stocks)	109,568,335	21,913,667	30.20%
	<b>362,681,450</b>	<b>72,536,290</b>	<b>100.00%</b>

On March 30, 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 on 362,681,450 shares with a par value of EGP 0.2 per share financed from the dividends of the year ended December 31, 2015, as a free share for each original share. The increase has been registered in the commercial register on May 9, 2016.

As at December 31, 2023, the issued capital amounted to EGP 140,002,731 with par value EGP 0.2 per share (2022: EGP 144,611,688 with par value EGP 0.2 per share) and is distributed as follows:

2023			
Shareholders	No. of Shares	Shares Value (EGP)	Percentage of ownership
Quantum Investment BV	308,527,188	61,705,438	44.07%
The Bank of New York Mellon “depository bank for shares traded in London Stock Exchange”	58,999,980	11,799,996	8.43%
Kingsway Fund Frontier Consumer Franchises	73,833,953	14,766,791	10.55%
RIMCO E G T Investment LLC	50,563,527	10,112,705	7.22%
Others (public stocks)	208,089,008	41,617,801	29.73%
	<b>700,013,656</b>	<b>140,002,731</b>	<b>100.00%</b>
2022			
Shareholders	No. of Shares	Shares Value (EGP)	Percentage of ownership
Quantum Investment BV	308,527,188	61,705,438	42.67%
The Bank of New York Mellon “depository bank for shares traded in London Stock Exchange”	84,594,650	16,918,930	11.70%
Kingsway Fund Frontier Consumer Franchises	65,896,445	13,179,289	9.11%
RIMCO E G T Investment LLC	38,685,105	7,737,021	5.35%
Treasury shares (A)	15,814,199	3,162,840	2.19%
Others (public stocks)	209,540,852	41,908,170	28.98%
	<b>723,058,439</b>	<b>144,611,688</b>	<b>100.00%</b>

The variation in number of shares during the year is due to cancellation of treasury shares (refer note below).

**A. Treasury shares**

According to Board of Director resolutions 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 160,827,557. The consideration paid has been accounted for as a separate reserve in the consolidated statement of changes in equity.

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**16 Share capital (continued)**

**A. Treasury shares (continued)**

According to Board of Directors resolution on March 16, 2023, the Group purchased 7,230,584 shares from the stock market and held in treasury for a total consideration of EGP 105,184,979. The consideration paid has been accounted for as a separate reserve in the consolidated statement of changes in equity.

On November 26, 2023, the extra ordinary general assembly meeting approved to write-off the total 23,044,783 treasury shares amounting to EGP 266,012,536. Accordingly, the share capital has been reduced by the par value of the treasury shares and the difference between the par value and the consideration paid to acquire those shares was absorbed in the retained earnings.

**B. Dividends**

The Group declared dividends of EGP 699,700,000 in the General Assembly meeting held on February 28, 2023 in relation to the year ended December 31, 2022 (2022: EGP 200,000,000 in relation to the year ended December 31, 2021).

**17 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 Group may stop such transfers when the legal reserve reaches 50% of the share capital. The reserve is not eligible for distribution to the shareholders.

During the year ended December 31, 2023, the Group adjusted legal reserve pertaining to subsidiaries amounting to EGP 6,802,452 and transferred EGP 385,111 to statutory reserve from retained earnings (2022: EGP Nil).

**18 Non-controlling interest**

**A. Transactions with non-controlling interest**

On March 6, 2019, the Company signed an official agreement with Confindel LTD for the acquisition of 2,279,287 shares (22.27%) of Edita Confectionary Industries for a total consideration of EGP 55,297,782. The acquisition was completed in June 2019 and as a result, the Company's share in Edita Confectionary Industries was increased from 77.71% to 99.98%. Accordingly, the amount paid, in excess of the carrying amount of the non-controlling interest acquired, has been recognised as a separate reserve in the consolidated statement of changes in equity as follows.

	<b>EGP</b>
Carrying amounts of non-controlling interest acquired	23,165,685
Consideration paid to non-controlling interest	(55,297,783)
	<u><b>(32,132,098)</b></u>

**B. Non-controlling interest**

As at December 31, 2023, the Group has only one subsidiary "Edita Food Industries Morocco" that has a material non-controlling interest. Summarised financial information in relation to financial position and performance of that subsidiary is disclosed in Note 1. Information in relation to its cash flows is as follows:

	<b>2023</b>	<b>2022</b>
	<b>EGP</b>	<b>EGP</b>
Net cash used in operating activities	<b>(9,185,683)</b>	(35,642,483)
Net cash used in investing activities	<b>(9,274,944)</b>	(74,541,851)
Net cash from financing activities	<b>51,646,337</b>	151,867,487
<b>Net increase in cash and cash equivalents</b>	<b><u>33,185,710</u></b>	<u>41,683,153</u>

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**18 Non-controlling interest (continued)**

**B. Non-controlling interest (continued)**

The table below summarises the components of non-controlling interest present in the consolidated statement of changes in equity.

	2023					2022
	Share capital EGP	Legal reserve EGP	Cumulative translation reserve EGP	Accumulated losses EGP	Total EGP	
<b>Balance as at January 1, Non-controlling share in total comprehensive income</b>	35,022,490	593,684	10,549,803	(5,586,209)	<b>40,579,768</b>	590,046
Loss for the year	-	-	-	(18,213,579)	<b>(18,213,579)</b>	(5,434,532)
Other comprehensive income	-	-	26,520,758	-	<b>26,520,758</b>	10,511,641
<b>Total comprehensive income for the year</b>	-	-	26,520,758	(18,213,579)	<b>8,307,179</b>	5,077,109
<b>Shareholders' transactions</b>						
Changes in equity on account of acquisition of subsidiary (Note 10)	-	-	-	-	-	20,005,036
Shares issued to non-controlling interest*	24,800,009	-	-	-	<b>24,800,009</b>	14,986,994
Other adjustments	-	-	-	-	-	(79,417)
<b>Shareholders' transactions</b>	<b>24,800,009</b>	-	-	-	<b>24,800,009</b>	34,912,613
<b>As at December 31,</b>	<b>59,822,499</b>	<b>593,684</b>	<b>37,070,561</b>	<b>(23,799,788)</b>	<b>73,686,956</b>	40,579,768

\* This represents 82,477 shares issued during the year ended December 31, 2023, to non-controlling interest (La Marocaine De Distribution De Logistiques) of Edita Food Industries Morocco, pursuant to further issuance of share capital amounting to MAD 40 million (equivalent to EGP 120.276 million) to the existing shareholders.

**19 Borrowings**

	2023			2022		
	Short-term portion EGP	Long-term portion EGP	Total EGP	Short-term portion EGP	Long-term portion EGP	Total EGP
<b>Borrowings</b>	<b>297,757,493</b>	<b>1,129,283,746</b>	<b>1,427,041,239</b>	244,539,007	739,496,389	984,035,396

The break-up of the short-term borrowings is as follows:

	2023 EGP	2022 EGP
Balance due within 1 year	<b>275,413,658</b>	237,632,559
Accrued interest	<b>22,343,835</b>	6,906,448
	<b>297,757,493</b>	244,539,007

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**19 Borrowings (continued)**

**19.1 Loan obtained from International Finance Corporation ("IFC") by Edita Food Industries S.A.E. and Edita Participation Limited**

	2023			2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	portion	portion		portion	portion	
	EGP	EGP	EGP	EGP	EGP	EGP
IFC loan	6,998,952	619,000,000	625,998,952	43,305,344	257,608,000	300,913,344

The break-up of the short-term borrowings is as follows:

	2023	2022
	EGP	EGP
Balance due within 1 year	-	39,632,000
Accrued interest	6,998,952	3,673,344
	<b>6,998,952</b>	<b>43,305,344</b>

On September 30, 2023, Edita Food Industries S.A.E, Edita Participation Limited and Edita for Trading and Distribution "The Co-Borrowers" signed a loan agreement with International Finance Corporation with total facility limit of USD 45 million to finance the Group's working capital and capital expenditure program in Egypt and Morocco and its expansion plan in Egypt and internationally. According to the loan Agreement, each of the Co-Borrowers shall be jointly and severally liable for obligations of all the Co-Borrowers, if any event of default occurs and is continuing.

As at December 31, 2023, the Group had withdrawn an amount of USD 20 million out of the total facility limit.

The Group is obligated to make payments in 13 equal semi-annual instalments with first instalment due on October 2025 and the last on October 2031.

The interest rate on the loan is the interest rate is SOFR based on 180 days plus 3.3%.

Fair value is approximately equal the carrying amount since the loan is bearing variable interest rate that approximate the market prevailing rates.

The IFC loan outstanding balance as at January 1, 2023 was fully settled during the year.

**19.2 Loans obtained by Edita Food Industries S.A.E.**

	2023			2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	portion	portion		portion	portion	
	EGP	EGP	EGP	EGP	EGP	EGP
Fourth loan	20,357,361	-	20,357,361	40,000,000	20,000,000	60,000,000
Seventh loan	54,544,317	4,227,158	58,771,475	34,762,943	40,702,977	75,465,920
Eighth loan	41,022,947	49,594,458	90,617,405	15,258,754	83,857,170	99,115,924
Ninth loan	41,621,074	41,214,756	82,835,830	14,122,163	75,209,377	89,331,540
Tenth loan	32,085,831	14,375,274	46,461,105	17,667,379	40,730,195	58,397,574
Eleventh loan	11,498,958	190,000,000	201,498,958	-	-	-
Twelfth loan	9,761,994	35,708,464	45,470,458	-	-	-
<b>Total</b>	<b>210,892,482</b>	<b>335,120,110</b>	<b>546,012,592</b>	<b>121,811,239</b>	<b>260,499,719</b>	<b>382,310,958</b>

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**19 Borrowings (continued)**

**19.2 Loans obtained by Edita Food Industries S.A.E. (continued)**

Type	Securities	Currency	Tenure	Interest rate
Fourth loan	Cross corporate guarantee Edita for Trading and Distribution amounted to EGP 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) (refer Note 19.7).
Seventh loan	Cross corporate guarantee Edita for Trading and Distribution	EGP	7 years with first installment in November 2023	8%
Eighth loan	Cross corporate guarantee Edita for Trading and Distribution	EGP	7 years with first installment in July 2023	8 %
Ninth loan	Cross corporate guarantee Edita for Trading and Distribution	EGP	7 years with first installment in September 2023	8 %
Tenth loan	None	EGP	7 years with first installment in June 2022	8 %
Eleventh loan	Cross corporate guarantee Edita for Trade and Distribution	EGP	7 years with first installment in March 2024	0.5% above mid corridor rate of the central bank of Egypt
Twelfth loan	Cross corporate guarantee Edita for Trade and Distribution	EGP/USD	5 years with first installment in July 2023	1% above corridor rate of the central bank of Egypt and average 3% above USD SOFR rate 3 months

The break-up of the short-term borrowings is as follows:

	2023 EGP	2022 EGP
Balance due within 1 year	198,201,285	121,811,239
Accrued interest	12,691,197	-
	<b>210,892,482</b>	<b>121,811,239</b>

The fair values of the loans, as at December 31, are determined as follows:

	Fair values at reporting date		Carrying amounts	
	2023 EGP	2022 EGP	2023 EGP	2022 EGP
Seventh loan	63,177,684	80,431,297	58,771,475	75,465,920
Eighth loan	87,619,229	95,257,062	90,617,405	99,115,924
Ninth loan	79,758,634	58,779,116	82,835,830	89,331,540
Tenth loan	46,252,152	86,579,417	46,461,105	58,397,574

The fair values of the remaining loans approximately equal their carrying amounts since the loans bear variable interest rates that approximate the prevailing market rates.

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**19 Borrowings (continued)**

**19.3 Loans obtained by Edita for Trading and Distribution**

	2023			2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	portion	portion		portion	portion	
	EGP	EGP	EGP	EGP	EGP	EGP
First loan	36,015,897	16,681,106	52,697,003	36,466,982	50,043,317	86,510,299

The break-up of the short-term borrowings is as follows:

	2023 EGP	2022 EGP
Balance due within 1 year	33,362,211	33,362,211
Accrued interest	2,653,686	3,104,771
	<u>36,015,897</u>	<u>36,466,982</u>

The Group obtained a loan from a financial institution based on a cross corporate guarantee issued from Edita Food Industries S.A.E. amounting to EGP 155 million.

The Group is obligated to pay the loan in 9 semi-annual instalments amounting to EGP 16,681,106 and the first instalment is due on August 27, 2021 and the last instalment is due on February 27, 2025.

The interest rate is 1% above the Central Bank of Egypt's mid corridor rate.

The fair value of the loan approximately equals its carrying amount since the loan bears variable interest rate that approximates the prevailing market rates.

**19.4 Loan obtained by Edita Confectionery Industries Company**

	2023			2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	portion	portion		portion	portion	
	EGP	EGP	EGP	EGP	EGP	EGP
First loan	-	-	-	4,128,333	-	4,128,333

The break-up of the short-term borrowings is as follows:

	2023 EGP	2022 EGP
Balance due within 1 year	-	4,000,000
Accrued interest	-	128,333
	<u>-</u>	<u>4,128,333</u>

**19.5 Loan obtained by Edita Food Industries Morocco**

	2023			2022		
	Short-term	Long-term	Total	Short-term	Long-term	Total
	portion	portion		portion	portion	
	EGP	EGP	EGP	EGP	EGP	EGP
First loan	43,850,162	158,482,530	202,332,692	38,827,109	171,345,353	210,172,462

The break-up of the short-term borrowings is as follows:

	2023 EGP	2022 EGP
Balance due within 1 year	43,850,162	38,827,109
	<u>43,850,162</u>	<u>38,827,109</u>



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**19 Borrowings (continued)**

**19.5 Loan obtained by Edita Food Industries Morocco (continued)**

Type	Guarantees	Currency	Tenure	Interest rate
First loan	Assets Pledge	MAD	7 years over 20 quarterly Instalments starting Aug 22	6%

The fair value of the loan approximately equals its carrying amount since the loan bears 6% interest rate that approximates the prevailing market rates.

**19.6 Deferred government grants**

The Group 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 by average 2% and recognised in the consolidated statement of profit or loss over the years necessary to match them with the costs that they are intended to compensate. The deferred government grants are recognised according to the following schedule:

	2023 EGP	2022 EGP
Long term portion	17,059,424	16,912,608
Short-term portion (Note 25)	3,160,975	4,111,485
	<b>20,220,399</b>	<b>21,024,093</b>
	2023 EGP	2022 EGP
Edita Food Industries S.A.E. (A)	6,786,121	11,237,250
Edita Food Industries Morocco (B)	13,434,278	9,786,843
	<b>20,220,399</b>	<b>21,024,093</b>

**A. Edita Food Industries S.A.E.**

	2023			2022		
	Short-term portion EGP	Long-term portion EGP	Total EGP	Short-term portion EGP	Long-term portion EGP	Total EGP
Seventh loan	1,858,544	2,614,040	4,472,584	2,281,071	4,057,431	6,338,502
Eighth loan	41,727	-	41,727	861,078	1,415,991	2,277,069
Ninth loan	632,950	541,938	1,174,888	588,420	1,200,392	1,788,812
Tenth loan	627,754	469,168	1,096,922	380,916	451,951	832,867
<b>Total</b>	<b>3,160,975</b>	<b>3,625,146</b>	<b>6,786,121</b>	<b>4,111,485</b>	<b>7,125,765</b>	<b>11,237,250</b>

**B. Edita Food Industries Morocco**

	2023 EGP	2022 EGP
Investment subsidy, long-term portion	13,434,278	9,786,843

**19.7 Interest rate benchmark reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offer rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at December 31, 2023, the Group's IBOR exposure, indexed to USD LIBOR, is limited to one existing loan (2022: two existing loans).

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**19 Borrowings (continued)**

**19.7 Interest rate benchmark reform (continued)**

The management is under discussion with the respective borrowers for necessary amendments to these loan agreements having contractual terms indexed to USD LIBOR. The management believes that the impact of revision of the loan agreements will not have a material impact on the consolidated financial statements of the Group in future periods (refer Note 19.2 for details).

**20 Employee benefit obligations**

Employees of the Group are entitled to benefits upon their retirement based on a defined benefit plan. The entitlement is based on the length of service i.e. minimum 10 years and final remuneration package of the employee upon retirement (refer Note 4). The plan is fully funded by the Group and no separately administered fund has been established in this regard. The defined benefit obligation is calculated using the projected credit unit method and takes into consideration the principal actuarial assumptions as disclosed below.

	2023	2022
Discount rate	15%	15.5%
Average salary increase rate	15%	15.0%
Turnover rate	14%	16.0%
Life table (years)	49-52	49-52

The amounts recognised as liability in the consolidated statement of financial position and movement thereof is as follows:

	2023 EGP	2022 EGP
Balance as at January 1,	33,396,656	24,103,494
Provision for employees' benefit obligations	18,535,914	11,850,024
Actuarial loss/(gain) on measurement of defined benefit liability	3,951,159	(1,581,166)
Payments/adjustments during the year	(740,128)	(975,696)
<b>Balance as at December 31,</b>	<b>55,143,601</b>	<b>33,396,656</b>

The break-up of provision for the year is as follows:

	2023 EGP	2022 EGP
Interest expenses	5,009,498	3,736,042
Current service cost	13,526,416	8,113,982
	<b>18,535,914</b>	<b>11,850,024</b>

*Sensitivity in Defined Benefit Obligations*

	Change in assumption	Increase in assumption	Decrease in assumption
<b>Discount rate</b>	1.0%	Decrease by 5.0%	Increase by 5.0%
<b>Salary increase</b>	0.5%	Increase by 5.0%	Decrease by 5.0%
<b>Mortality age</b>	1.0%	Increase by 10.0%	Decrease by 9.0%

The above sensitivity analyses are based on a change in discount rate while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liabilities recognised in the consolidated statement of financial position.

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**21 Deferred tax liabilities - net**

Deferred tax represents tax expenses on the temporary differences arising between the tax basis of assets and their carrying amounts in the consolidated financial statements:

	2023									
	Property, plant and equipment		Acquiring Edita for Trading and Distribution		Frozen Foods assets revaluation		Other forward tax provisions		Carry forward tax losses	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Deferred tax assets</b>										
As at January 1,	-	-	-	-	-	-	20,415,392	24,695,820	8,016,314	53,127,526
Acquired through business combination	-	-	-	-	-	-	22,535,491	-	-	22,535,491
Adjustments during the year	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	-	10,742,820	-	10,742,820
Charged to consolidated statement of profit or loss	-	-	-	-	-	-	10,795,123	(10,689,807)	(10,629,124)	(10,523,808)
<b>As at December 31,</b>	-	-	-	-	-	-	53,746,006	24,748,833	(2,612,810)	75,882,029
<b>Deferred tax liabilities</b>										
As at January 1,	(245,676,830)	(2,133,245)	-	-	-	-	-	-	-	(247,810,075)
Acquired through business combination	(7,937,479)	-	-	(45,322,607)	-	-	-	-	-	(53,260,086)
Adjustments during the year	-	-	-	-	-	-	-	-	-	-
Charged to consolidated statement of profit or loss	(15,185,175)	240,424	-	-	-	-	-	-	-	(14,944,751)
<b>As at December 31,</b>	(268,799,484)	(1,892,821)	(1,892,821)	(45,322,607)	(45,322,607)	-	53,746,006	24,748,833	(2,612,810)	(247,810,075)
<b>Deferred tax liabilities – net</b>	(268,799,484)	(1,892,821)	(1,892,821)	(45,322,607)	(45,322,607)	-	53,746,006	24,748,833	(2,612,810)	(194,682,549)
As at January 1,	(245,676,830)	(2,133,245)	-	-	-	-	20,415,392	24,695,820	8,016,314	(194,682,549)
Acquired through business combination (Note 10)	(7,937,479)	-	-	(45,322,607)	-	-	22,535,491	-	-	(30,724,595)
Adjustments during the year	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	-	10,742,820	-	10,742,820
Charged to consolidated statement of profit or loss	(15,185,175)	240,424	-	-	-	-	10,795,123	(10,689,807)	(10,629,124)	(25,468,559)
<b>As at December 31,</b>	(268,799,484)	(1,892,821)	(1,892,821)	(45,322,607)	(45,322,607)	-	53,746,006	24,748,833	(2,612,810)	(240,132,883)
										(194,682,549)

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**For the year ended December 31, 2023**

**22 Lease liabilities**

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2023				2022
	Land	Branch premises and warehouses	Motor vehicles	Total	Total
	EGP	EGP	EGP	EGP	EGP
As at January 1,	48,040,412	60,951,351	5,488,269	114,480,032	59,585,793
Additions during the year	-	28,169,086	-	28,169,086	40,613,582
Assumed through business combination (Note 10)	-	1,570,288	-	1,570,288	19,763,046
Leases terminated during the year	-	(1,570,288)	-	(1,570,288)	-
Interest on lease liabilities (Note 30)	4,203,407	11,472,423	480,209	16,156,039	10,340,630
Payments during the year	(5,260,230)	(24,012,565)	(2,451,868)	(31,724,663)	(19,963,092)
Foreign currency translation Differences	14,055,509	-	301,122	14,356,631	4,140,073
As at December 31,	61,039,098	76,580,295	3,817,732	141,437,125	114,480,032
Non-current liabilities	59,383,907	68,284,342	3,276,017	130,944,266	102,209,569
Current liabilities	1,655,191	8,295,953	541,715	10,492,859	12,270,463
Lease liabilities	61,039,098	76,580,295	3,817,732	141,437,125	114,480,032

Commitments in relation to leases payable and present value of lease liabilities are as follows:

	2023				2022
	Land	Branch premises and warehouses	Motor vehicles	Total	Total
	EGP	EGP	EGP	EGP	EGP
Commitments in relation to leases					
Within one year	5,417,283	20,024,611	2,522,377	27,964,271	25,116,533
One to five years	29,813,693	68,481,776	3,740,641	102,036,110	71,098,009
Later than five years	59,173,290	52,496,068	-	111,669,358	91,798,298
Minimum payments	94,404,266	141,002,455	6,263,018	241,669,739	188,012,840
Present value of lease Liabilities					
Within one year	1,655,191	8,295,953	541,715	10,492,859	12,270,463
One to five years	9,851,377	33,127,632	3,276,017	46,255,026	39,288,902
Later than five years	49,532,530	35,156,710	-	84,689,240	62,920,667
Present value of minimum lease payments	61,039,098	76,580,295	3,817,732	141,437,125	114,480,032

The corresponding right-of-use assets pertaining to these lease liabilities are presented in Note 8.

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**23 Provisions**

	2023 EGP	2022 EGP
As at January 1,	72,714,382	33,978,251
Provisions formed during the year (Note 28)	38,526,328	39,747,482
Assumed through business combination (Notes 10)	3,543,391	99,733
Provisions utilized during the year	(1,601,262)	(739,577)
Provision no longer required (Note 27)	(8,148,635)	(398,669)
Foreign currency translation differences	567,500	27,162
<b>As at December 31,</b>	<b>105,601,704</b>	<b>72,714,382</b>

Provisions relate to claims expected to be made by authorities and third parties in connection with the Group's operations and obligations. The provisions are re-assessed and reviewed by management at each reporting date and the amount provided is adjusted based on latest development, discussions and agreements with third parties.

**24 Bank overdraft**

Bank overdraft amounted to EGP 596.72 million (2022: EGP 501.66 million) and is an integral part of the Group's cash management to finance its working capital. The average interest rate for bank overdraft was 15.33% as at December 31, 2023 (2022: 8.23%).

**25 Trade and other payables**

	2023 EGP	2022 EGP
Trade payables	800,665,063	524,988,996
Accrued expenses	182,089,273	236,369,335
Taxes payable	113,079,183	74,269,177
Notes payable	130,908,420	64,275,968
Other credit balances	97,732,029	48,723,556
Contract liabilities – advances from customers (Note 37)	19,944,826	27,928,543
Contract liabilities – accrued rebates (Note 37)	16,371,989	15,066,090
Social insurance	957,714	9,165,163
Deferred government grants (Note 19.6)	3,160,975	4,111,485
Dividends payable	18,979,060	1,331,372
	<b>1,383,888,532</b>	<b>1,006,229,685</b>

Trade payables are unsecured and are usually paid within an average of 45 days of recognition.

**26 Current income tax liabilities**

	2023 EGP	2022 EGP
As at January 1,	197,610,283	30,584,092
Income tax for the year (Note 31)	518,578,096	308,213,597
Income tax paid during the year	(198,667,787)	(42,184,437)
Corporate income tax - advance payments	(70,570,205)	(69,102,195)
Adjustment in relation to investment in Treasury Bills	(36,699,068)	(9,680,720)
Withholding tax receivable	(19,583,870)	(18,708,449)
Accrued interest - advance payments (Note 29)	(2,955,127)	(1,511,605)
<b>As at December 31,</b>	<b>387,712,322</b>	<b>197,610,283</b>

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**27 Other income**

	2023 EGP	2022 EGP
Government grants - export subsidies	50,555,320	20,805,217
Provisions no longer required (Note 23)	8,148,635	398,669
Gain from disposal of property, plant and equipment (Note 34)	4,770,586	16,645,687
Government grants - reduced interest loans	4,447,524	5,635,545
Other income	11,521,330	7,348,218
	<u>79,443,395</u>	<u>50,833,336</u>

**28 Other expenses**

	2023 EGP	2022 EGP
Provisions formed during the year (Note 23)	38,526,328	39,747,482
Solidarity contribution	28,685,447	33,558,542
	<u>67,211,775</u>	<u>73,306,024</u>

**29 Finance income**

	2023 EGP	2022 EGP
Interest income	210,632,251	110,243,000
Interest income – corporate tax advance payment (Note 26)	2,955,127	1,511,605
	<u>213,587,378</u>	<u>111,754,605</u>

**30 Finance cost**

	2023 EGP	2022 EGP
Interest expense	195,775,875	101,210,509
Interest on lease liabilities (Note 22)	16,156,039	10,340,630
	<u>211,931,914</u>	<u>111,551,139</u>

**31 Income tax expense**

	2023 EGP	2022 EGP
Profit for the year	1,506,575,439	959,432,071
Tax expense for the year		
- Current tax (Note 26)	518,578,096	308,213,597
- Deferred tax (Note 21)	25,468,559	3,138,290
	<u>544,046,655</u>	<u>311,351,887</u>
Profit before tax	<u>2,050,622,094</u>	<u>1,270,783,958</u>
Tax calculated based on applicable tax rates (i.e. 22.5%)	461,389,971	285,926,391
Tax effect of non-deductible expenses	82,656,684	25,425,496
Total tax expense	<u>544,046,655</u>	<u>311,351,887</u>
<b>Effective tax rate</b>	<u>27%</u>	<u>25%</u>

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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**32 Earnings per share**

**Basic**

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

	2023	2022
Profit attributable to owners of the Parent (EGP)	<u>1,524,789,018</u>	<u>964,866,603</u>
<b>Weighted average number of ordinary shares in issue</b>		
Ordinary shares	701,499,392	723,058,439
Treasury shares (Note 16)	-	(15,814,199)
<b>Weighted average number of ordinary shares in issue</b>	<u>701,499,392</u>	<u>707,244,240</u>
<b>Basic earnings per share (EGP)</b>	<u>2.17</u>	<u>1.36</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 Group does not have any categories of dilutive potential ordinary shares. Hence, the diluted earnings per share is equivalent to the basic earnings per share.

**33 Expenses by nature**

	2023 EGP	2022 EGP
Cost of sales	8,200,709,717	5,063,343,087
Distribution cost	1,131,569,626	866,522,191
Administrative expenses	771,817,875	472,877,272
<b>Total</b>	<u>10,104,097,218</u>	<u>6,402,742,550</u>
Materials consumed (Note 11)	6,974,321,592	4,149,509,390
Salaries and wages	1,210,989,665	821,890,314
Advertising and marketing	497,417,981	363,584,520
Depreciation and amortization	282,779,410	226,865,873
Employee benefits	168,884,906	194,584,594
Gas, water and electricity	154,870,554	119,008,148
Logistics services	101,312,486	78,943,801
Miscellaneous and other expense	97,431,205	51,670,240
Vehicle expense	95,479,029	70,316,384
Maintenance	91,194,745	60,718,496
Consumables	81,701,866	47,631,678
Legal and professional expenses	84,174,206	27,000,789
Licensing fees and charges	77,418,467	39,382,374
Transportation expenses	74,810,795	66,267,558
Group's share in social insurance	71,001,510	58,337,455
Cleaning expenses	23,402,324	15,530,819
Travelling expenses	16,906,477	11,500,117
	<u>10,104,097,218</u>	<u>6,402,742,550</u>

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**34 Cash flow information**

**A. Cash generated from operations**

	Notes	2023 EGP	2022 EGP
<b>Cash flows from operating activities</b>			
Profit for the year before income tax		2,050,622,094	1,270,783,958
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	250,518,978	208,096,926
Depreciation of right-of-use assets	8	24,706,566	12,734,711
Amortization of intangible assets	9.3	7,553,866	6,034,236
Provision for slow moving inventory	11	10,745,226	3,900,000
Gain on disposal of property, plant and equipment	27	(4,770,586)	(16,645,687)
Government grants	27	(4,447,524)	(5,635,545)
Provision no longer required	23	(8,148,635)	(398,669)
Provision for employee benefit obligations	20	18,535,914	11,850,024
Other provisions	28	38,526,328	39,747,482
Interest income	29	(213,587,378)	(111,754,605)
Interest expense	30	195,775,875	101,210,509
Interest on lease liabilities	30	16,156,039	10,340,630
Foreign exchange gain		(77,323,186)	(34,991,475)
Gain on disposal of joint venture accounted for using equity method		-	(32,615,049)
Share of net loss of joint venture accounted for using equity method		-	4,989,639
Loss on disposal of financial assets at fair value through profit or loss		-	22,172,000
		<u>2,304,863,577</u>	<u>1,489,819,085</u>
<i>Change in working capital</i>			
Inventories		(890,423,339)	(444,786,066)
Trade and other receivables		(178,345,713)	(296,853,057)
Trade and other payables		302,920,324	347,899,820
Provisions utilized		(2,509,629)	1,558,401
Payments of employee benefit obligations	20	(740,128)	(975,696)
<b>Cash generated from operations</b>		<u>1,535,765,092</u>	<u>1,096,662,487</u>

**B. Non-cash investing and finance activities**

- Transfer to property, plant and equipment from projects under construction. (Note 7).
- Acquisition of right-of-use assets (Note 8).

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2023 EGP	2022 EGP
Proceeds from disposal of property, plant and equipment	6,035,664	53,922,383
Net book value	(1,265,078)	(37,276,696)
<b>Gain on disposal of property, plant and equipment (Note 27)</b>	<u>4,770,586</u>	<u>16,645,687</u>



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**34 Cash flow information (continued)**

**C. Changes in liabilities arising from financing activities**

	2023 EGP	2022 EGP
Cash and cash equivalents	413,180,334	(7,275,177)
Borrowings	(1,427,041,239)	(984,035,396)
Lease liabilities	(141,437,125)	(114,480,032)
<b>Total</b>	<b>(1,155,298,030)</b>	<b>(1,105,790,605)</b>

	Cash and cash equivalent EGP	Borrowings EGP	Lease Liabilities EGP	Total EGP
As at January 1, 2023	(7,275,177)	(984,035,396)	(114,480,032)	(1,105,790,605)
Assumed through business combination	(1,489,429)	-	(1,570,288)	(3,059,717)
Leases terminated during the year	-	-	1,570,288	1,570,288
Lease payments	-	-	31,724,663	31,724,663
Proceeds from borrowings	-	(1,166,800,225)	-	(1,166,800,225)
Repayments of borrowings	-	936,957,728	-	936,957,728
Cash flows	421,944,940	-	-	421,944,940
New leases	-	-	(28,169,086)	(28,169,086)
Interest expense	-	(114,620,329)	(16,156,039)	(130,776,368)
Interest repayment	-	59,684,509	-	59,684,509
Government grant	-	4,447,524	-	4,447,524
Foreign exchange adjustment	-	(162,675,050)	(14,356,631)	(177,031,681)
<b>As at December 31, 2023</b>	<b>413,180,334</b>	<b>(1,427,041,239)</b>	<b>(141,437,125)</b>	<b>(1,155,298,030)</b>

**35 Related parties**

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in IAS 24 - Related Party Disclosures. The related parties comprise the Group' Board of Directors, their entities, companies under common control and employees of senior management. The non-controlling interest are considered by the Group as related parties. The management decides the terms and conditions of transactions and services provided from/to related parties, as well as other expenses.

Below is the statement that shows the nature and values of transaction with related parties during the year, and the balances due at reporting date.

	2023 EGP	2022 EGP
<b><i>Due from a related party – Other related party</i></b>		
La Marocaine De Distribution De Logistiques (Note 13)	54,057,427	62,072,443

The nature of transactions with La Marocaine De Distribution De Logistiques during the years ended December 31, 2023 and December 31, 2022 are represented as follows:

	2023 EGP	2022 EGP
Sale of finished goods	326,160,784	176,171,728

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**35 Related parties (continued)**

The Group did not recognise any allowance for the expected credit losses (2022: EGP Nil) for the balance due from a related party as a result of the low credit risk and no history of default.

**Key management compensation**

During the year ended December 31, 2023, the Group paid an amount of EGP 238,600,775 as benefits to the Board Members and key management personnel (2022: EGP 153,492,086).

	2023			2022		
	Non-executive / independent board members		Key management personnel	Non-executive / independent board members		Key management personnel
	EGP		EGP	EGP		EGP
<i>Short term benefits</i>						
Salaries and compensation	7,000,000		229,213,469	4,900,000		146,904,158
Allowances	-		2,114,800	-		1,442,400
Other benefits	-		272,506	-		245,528
<b>Total</b>	<b>7,000,000</b>		<b>231,600,775</b>	<b>4,900,000</b>		<b>153,492,086</b>

**36 Segment reporting**

The Group operates across six segments in the Egyptian snack food market offering ten distinct brands:

Segment	Brand	Product
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
Candy	Mimix	Hard, soft and jelly candy and lollipops
Biscuits	Oniro	Lava chocolate and Lava vanilla

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**36 Segment reporting (continued)**

Segment	Revenue		Gross profit/(loss)		Operating profit/(loss)	
	2023	2022	2023	2022	2023	2022
	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000
Cake	6,032,533	3,788,971	2,122,437	1,291,241	1,185,430	690,821
Croissants	4,066,624	2,524,780	1,210,997	906,354	585,923	430,150
Rusks	545,041	399,467	153,265	117,672	76,541	51,978
Wafer	1,079,002	742,867	350,248	249,513	175,824	95,985
Candy	307,717	176,035	86,601	36,621	43,786	10,123
Biscuits	80,139	38,959	14,632	6,436	(9,610)	(40,114)
Others	14,941	22	(12,893)	(79)	(35,994)	29,415
<b>Total</b>	<b>12,125,997</b>	<b>7,671,101</b>	<b>3,925,287</b>	<b>2,607,758</b>	<b>2,021,900</b>	<b>1,268,358</b>

Operating profit is reconciled to net profit as follows:

	2023	2022
	EGP '000	EGP '000
Operating profit	2,021,901	1,268,358
Provision for employee benefit obligations	(18,536)	(11,850)
Provision for slow-moving inventory	(10,745)	(3,900)
Other income	79,443	50,833
Other expenses	(67,212)	(73,306)
Finance income	213,587	111,755
Finance cost	(211,932)	(111,551)
Foreign exchange gain – net	44,116	34,991
Gain on disposal of joint venture accounted for using equity method	-	32,615
Share of net losses of joint venture accounted for using the equity method	-	(4,990)
Loss on disposal of financial assets at fair value through profit or loss	-	(22,172)
Gain on remeasurement of financial assets at fair value through profit or loss	-	-
Income tax expense	(544,047)	(311,351)
<b>Net profit</b>	<b>1,506,575</b>	<b>959,432</b>

The figures disclosed in the segment note are rounded off to the nearest thousand EGP.

The segment information disclosed in the table above represents the segment information provided to the Chief Operating Decision Maker of the Group.

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision Makers of the Group for the purpose of allocating and assessing resources.

The Chief Operating Decision Makers consider the business from products perspective. Although Rusks, Wafer, Candy and Biscuits do not meet the quantitative threshold required by IFRS 8 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 Group revenue in the future.

The Chief Operating Decision Makers assesses the performance of the operating segments based on their operating profit.

All of the segments' sales are made to external customers.

The Group does not sell more than 10% of the total sales to a single customer.

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**36 Segment reporting (continued)**

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 at the Group level.

**Geographical segments**

As at December 31, The Group assets and liabilities are geographically located as follows:

	Non-current assets		Current assets		Total assets	
	2023	2022	2023	2022	2023	2022
	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000
Egypt	3,052,437	2,367,045	3,386,034	2,626,556	6,438,471	4,993,601
Morocco	456,681	352,009	301,065	263,717	757,746	615,726
Cyprus	245,132	149,109	316,291	25,470	561,423	174,579
<b>Total</b>	<b>3,754,250</b>	<b>2,868,163</b>	<b>4,003,390</b>	<b>2,915,743</b>	<b>7,757,640</b>	<b>5,783,906</b>

	Non-current liabilities		Current liabilities		Total liabilities	
	2023	2022	2023	2022	2023	2022
	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000
Egypt	743,753	620,414	2,357,064	1,770,488	3,100,817	2,390,902
Morocco	209,811	208,676	273,096	229,432	482,907	438,108
Cyprus	619,000	257,608	152,015	35,106	771,015	292,714
<b>Total</b>	<b>1,572,564</b>	<b>1,086,698</b>	<b>2,782,175</b>	<b>2,035,026</b>	<b>4,354,739</b>	<b>3,121,724</b>

Geographical location-wise disaggregation of revenue of the Group are as follows:

	2023	2022
	EGP '000	EGP '000
Egypt	11,049,121	6,958,388
Iraq	345,092	199,860
Morocco	10,482	176,172
Palestine	207,618	133,696
Libya	227,682	92,006
Jordan	191,594	74,655
Other Middle Eastern Countries	94,408	36,324
<b>Total</b>	<b>12,125,997</b>	<b>7,671,101</b>

**37 Revenue from contracts with customers**

	2023	2022
	EGP	EGP
Sales, gross	12,402,531,144	7,812,725,448
Trade discounts	(186,226,202)	(101,083,917)
Sales returns	(90,307,896)	(40,540,662)
<b>Sales, net</b>	<b>12,125,997,046</b>	<b>7,671,100,869</b>

**A. Contract liabilities**

	2023	2022
	EGP	EGP
Advances from customers (Note 25)	19,944,826	27,928,543
Accrued rebates (Note 25)	16,371,989	15,066,090
<b>Total contract liabilities</b>	<b>36,316,815</b>	<b>42,994,633</b>

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**37 Revenue from contracts with customers (continued)**

**A. Contract liabilities (continued)**

The decrease in contract liabilities was mainly due to the decrease in/ adjustment of advance payments made by the export customers during the year.

The movement in advances from customers during the year is as follows:

	2023 EGP	2022 EGP
As at January 1,	27,928,543	13,690,843
Contract liabilities recognised for sale of goods	(27,928,543)	(13,690,843)
Contract liabilities arisen during the year	19,944,826	27,928,543
<b>As a December 31,</b>	<b>19,944,826</b>	<b>27,928,543</b>

**B. Disaggregation of revenue from contracts with costumers**

The Group derives revenue from the transfer of goods at a point in time. The Group disaggregate revenue by products line and by geographical location as disclosed in Note 36 (segment reporting).

**38 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to settle 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 pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The Group should be able to have access to the principal market or the most advantageous market. In the absence of principal market, the Group does not need to conduct a thorough search of possible markets to determine the principal or the most advantageous market. However, the Group takes into consideration all information reasonably available.

The below shows the financial assets and liabilities at fair value in the consolidated financial statements as at December 31, 2023 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

Level 1 -	Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities which the Group can have access to at the date of measurement.
Level 2 -	Inputs other than quoted prices included within level I that are observable for the asset or liability, either directly or indirectly.
Level 3 -	Unobservable inputs of the asset or the liability.

The fair values of financial instruments are not materially different from their carrying values. The fair value of financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties.

The following methods and assumptions were used to estimate the fair values:

- Cash and bank balances, trade receivables, other financial assets, due from related parties and trade and other payables approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- The fair value of the fixed interest-bearing loans at the reporting date has been calculated by discounting the future cash outflows (level 3 fair value measurement) using the prevailing market rate of interest ranging from 9.25% to 10.75% at the reporting date. The fair value of loans is disclosed in Note 19.

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**38 Fair value measurement (continued)**

- For variable interest-bearing loans, fair value is approximately equal to the carrying amount since the loans bear variable interest rate that approximate the market prevailing rates.
- Fair value of net assets of Edita Frozen Food Industries S.A.E., as at the date of acquisition, has been determined using valuation method as disclosed in Note 10 (level 3 fair value measurement).

**39 Commitments and contingent liabilities**

**Capital commitments**

The Group has capital commitments of EGP 987,530,218 as at December 31, 2023 (2022: EGP 96,587,976) in respect of capital expenditure.

**Contingent liabilities**

The banks have issued letters of credit, internal document collections and letters of guarantee in favor of the Company amounting to EGP 267,893,918 which guarantee the Company for the goods imported (2022: EGP 316,409,375).

The banks have issued letter of credit in favor of Edita for Trading and Distribution amounting to EGP 1,250,000 which guarantee the Company for the goods imported (2022: EGP 1,500,000).

The banks have issued letter of credit in favor of Edita Confectionery Industries amounting to EGP 3,509,983 which guarantee the Company for the goods imported (2022: EGP 5,837,326).

These contingent liabilities are not expected to result in material losses for the Group in the foreseen future and not consider it probable that there will be an outflow of economic resources with regard to these contingent liabilities.

**40 Tax position**

Due to the nature of tax assessment process in jurisdictions where the Group is operating, the final outcome of any assessment by the tax authorities might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment by the tax authorities. Below is a summary of the tax status of the Group as at reporting date.

**A. Edita Food Industries S.A.E.**

**Corporate tax**

The Company exempted from tax for a period of 10 years ended December 31, 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 January 1, 1998. The Company submits its tax on its legal period.

The tax inspection was performed for the period from the Company's inception till December 3, 2016, and all taxes due were paid.

For the years from 2017 to 2019, the Company has filed the tax returns in its legal periods and has paid the tax liability. However, the tax inspection is in process by relevant tax authorities.

For the years from 2020 to 2023, the Company has filed tax returns according to Law No. 91 of 2005 in its legal periods and has paid the tax liability. Further the Company has not been inspected by the relevant tax authorities yet for this period. However, based on the additional claim received from the relevant tax authorities as a result of past inspections, the Group has created additional provision to meet any additional claims that might arise from tax inspection for the years from 2017 onwards.

**Payroll tax**

The payroll tax inspection was performed and settled till the end of December 31, 2019.

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**40 Tax position (continued)**

**A. Edita Food Industries S.A.E. (continued)**

***Payroll tax (continued)***

For the years from 2020 to 2023, the Company has submitted annual tax forms and payroll reconciliations on time to the relevant tax authorities. However, the Company has not been inspected by the relevant tax authorities yet for this period.

***VAT and Sales tax***

The sales tax inspection was performed and settled till the end of December 31, 2019.

For the years from 2020 to 2023, the Company has submitted monthly tax returns on time to the relevant tax authorities. However, the Company has not been inspected by the relevant tax authorities yet for this period.

***Stamp duty tax***

The stamp duty tax inspection was performed and settled till the end of December 31, 2019.

The Company has not been inspected by the relevant tax authorities for the years from 2020 to 2023.

**B. Edita for Trading and Distribution Company**

***Corporate tax***

Edita for Trading and Distribution Company is subject to the corporate income tax according to Tax Law No. 91 of 2005, as amended.

The tax inspection was performed for the period from the Company's inception till December 3, 2017, and all taxes due were paid.

For the years from 2018 to 2023, Edita for Trading and Distribution Company has filed tax returns according to Law No. 91 of 2005 in its legal periods and has paid the tax liability. Further, the subsidiary has not been inspected by the relevant tax authorities yet for this period.

***Payroll tax***

The tax inspection was performed until December 31, 2019, and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

For the years from 2020 to 2023, Edita for Trading and Distribution Company has submitted annual tax forms and payroll reconciliations on time to the relevant tax authorities. However, the subsidiary has not been inspected by the tax authorities yet for this period.

***VAT and Sales tax***

The tax inspection was performed until December 31, 2020, and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

For the years 2022 and 2023, Edita for Trading and Distribution Company submitted its monthly sales VAT return on due date.

***Stamp tax***

The tax inspection was performed for the periods from inception till the end of December 31, 2020, and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

For the years 2022 and 2023, Edita for Trading and Distribution Company paid all tax dues.

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**40 Tax position (continued)**

**C. Edita Confectionary Industries Company**

***Corporate tax***

Edita Confectionary Industries Company is subject to the corporate income tax according to Tax Law No. 91 of 2005, as amended.

The corporate tax inspection was performed for the years from 2009 to 2016, and the difference was transferred to an internal committee.

The corporate tax inspection was performed for the years from 2017 to 2019, and the difference was settled.

Edita Confectionary Industries Company has not been inspected for the years from 2020 to 2023 and has submitted its tax returns to relevant tax authorities on due dates.

***Payroll tax***

The tax inspection was performed until December 31, 2019, and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

For the years from 2020 to 2023, Edita Confectionery Industries has submitted annual tax forms and payroll reconciliations on time to the relevant tax authorities. However, the subsidiary has not been inspected by the tax authorities yet for this period.

***VAT and Sales Tax***

The tax inspection was performed until December 31, 2020, and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

For the years 2022 and 2023, Edita Confectionery Industries submitted its monthly sales VAT return on due date.

***Stamp Tax***

The stamp duty tax inspection was performed and settled till the end of December 31, 2020.

Edita Confectionery Industries has not been inspected by the relevant tax authorities for the years 2022 and 2023.

**D. Edita Frozen Foods Industries Company**

***Corporate tax***

Edita Frozen Foods Industries Company is subject to the corporate income tax according to Tax Law No. 91 of 2005, as amended.

The tax inspection was not performed for the years from 2015 to 2022 as the Company has a carry forward loss.

***Payroll tax***

The tax inspection was performed for the years from 2015 to 2021 and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

Edita Frozen Foods Industries Company has not been inspected by the relevant tax authorities for the years 2022 and 2023.

***VAT and Sales tax***

Edita Frozen Foods Industries Company has not been inspected by the relevant tax authorities for the years from 2015 to 2022.

Edita Frozen Foods Industries Company submitted its monthly sales VAT return on due date.



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**40 Tax position (continued)**

**D. Edita Frozen Foods Industries Company (continued)**

*Stamp tax*

The tax inspection was performed for the years from 2015 to 2022 and the tax resulting from the tax inspection and assessment were settled and paid to the relevant tax authorities.

Edita Frozen Foods Industries Company has not been inspected by the relevant tax authorities for the year 2023.

**41 Subsequent events**

The Central Bank's Monetary Policy Committee decided at its meeting on Thursday, February 1, 2024, to raise the overnight deposit and lending rates and the Central Bank main transaction by 200 basis points to 21.25%, 22.25% and 21.75%, respectively. Also, credit and discount rates had been raised by 200 basis points to reach 21.75%.

The Central Bank's Monetary Policy Committee decided at its meeting on Wednesday, March 6, 2024, to raise the overnight deposit and lending rates and the Central Bank main transaction by 600 basis points to 27.25%, 28.25% and 28.75%, respectively. Also, credit and discount rates had been raised by 600 basis points to reach 27.75%.

On Wednesday, March 6, 2024, the Central Bank also implemented an exchange rate flexibility, allowing the value of the Egyptian pound to be regulated by market forces as an attempt to alleviate an already ailing economy. As the result of these measures, the EGP weakened by almost 60% i.e. from 30.9386 EGP/USD to 49.5743 EGP/USD.

Subsequent to the year end, the ordinary general assembly of the Company's shareholders was held, wherein, cash dividend of EGP 0.429 per share was approved. The general assembly also approved allocation of an amount of EGP 140,002,731 from the retained earnings to be distributed by way of free shares, for which, procedures for seeking necessary approvals from concerned authorities are underway.