

## Edita Food Industries Reports 1Q2023 Earnings

Edita starts off the year with a strong set of results with revenue reaching EGP 2.8 billion, up 78.3% y-o-y, and net profit increasing 2.5x year-on-year to EGP 375.4 million with a net profit margin of 13.5%.

### Highlights for 1Q2023



### Financial and Operational Highlights

- **Stellar revenue growth in 1Q2023 of 78.3% y-o-y**, carrying over the momentum from 2022. Performance was driven by both higher pricing and volumes as Edita successfully capitalizes on its optimized portfolio and growing consumer demand.
- **Volumes grew 34.4% y-o-y in 1Q2023**, despite direct and indirect price increases, driven by cake and bakery sales.
- **Cost of sales doubled year-on-year and grew as a percentage of sales to 58.2%** due to surges in the prices of packaging materials, sugar, oils and fats, flour and eggs.
- **Gross profit increased a strong 58.0% y-o-y** in 1Q2023; however, gross profit margin saw a squeeze given the growing pressure of direct material costs.
- **SG&A as a percentage of revenue decreased to 14.1%** in 1Q2023 compared 18.8% in the same quarter last year due to operational leverage.
- **EBITDA expanded by a significant 79.8% y-o-y with a sustained margin of 19.0% for 1Q2023**, reflecting double-digit revenue growth and an enhanced SG&A to sales ratio.
- **Net profit grew an impressive 153.5% y-o-y** given strong performance that trickled down, while net profit margin expanded 4 percentage points to 13.5% due to higher operating leverage.
- **Edita Morocco revenue reached EGP 149.5 million** in 1Q2023, contributing 5.4% to total revenue for the quarter.
- **Gross export sales reached EGP 238.0 million**, up 204.0% y-o-y, contributing 9.0% to total revenue for the quarter. In USD terms, export sales booked USD 7.9 million, up 66.2% y-o-y.



### Summary Income Statement (EGP mn)

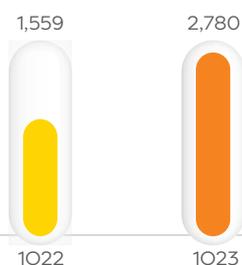
EGP mn	1Q2023	1Q2022	Change
Revenue	2,779.7	1,559.0	78.3%
Gross Profit	879.7	556.6	58.0%
% Margin	31.6%	35.7%	
EBITDA	527.6	293.4	79.8%
% Margin	19.0%	18.8%	
Net Profit	375.4	148.1	153.5%
% Margin	13.5%	9.5%	

The discussion and analysis in this report are based on the IFRS statements. For comparison of the results to Egyptian Accounting Standards, please refer to the section "Egyptian Accounting Standards Reconciliation to IFRS."

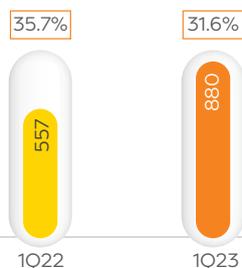


The figures displayed are based on unaudited results drawn from management accounts and finance department numbers (IFRS).

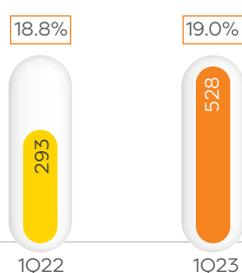
## Revenue Progression (EGP million)



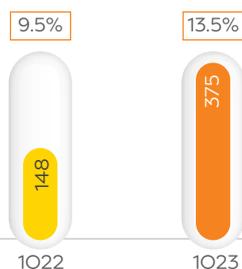
## Gross Profit Progression (EGP million, % margin)



## EBITDA Progression (EGP million, % margin)



## Net Profit Progression (EGP million, % margin)



## Results in a Nutshell

Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange & EFID.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market, announced today its results for the quarter ended 31 March 2023, recording revenue of EGP 2,779.7 million, a 78.3% y-o-y increase. Profitability continued to improve despite a challenging operating environment as reflected on gross profit and net profit results. Edita saw a 58.0% y-o-y gross profit expansion at EGP 879.7 million while net profit recorded EGP 375.4 million in 1Q2023, up an impressive 153.5% y-o-y with an improved net profit margin of 13.5% compared to 9.5% in the same quarter last year.

Edita's business model has proven its resilience in navigating economic headwinds, as the company carried over the growth momentum from 2022 into the new year. The company's agility and quick response to shifting market dynamics led to an exemplary performance in the first quarter of 2023. Through a series of strategies and initiatives, Edita's revenue was driven by both higher prices and volume growth. In 1Q2023, the average price per pack reached EGP 2.69, up 40.8% y-o-y, and average price per ton increased 63.9% y-o-y, driven by direct and indirect price increases to alleviate the pressure on profitability margins. Capitalizing on its leading market position and brand equity, the company maintained strong demand for its products despite the migration to higher price-points. On the volumes front, Edita saw a 34.4% y-o-y increase in total packs sold to 1,034.5 million, with cake and bakery being the primary contributors to volume growth in 1Q2023.

In 1Q2023, gross profit reached EGP 879.7 million, up a significant 58.0% y-o-y, driven by price increases and manufacturing overheads (MOH) efficiencies. Gross profit margin was squeezed recording 31.6% in 1Q2023 versus the 35.7% booked last year as the devaluation affected the company's cost base. In 1Q2023, cost of sales reached EGP 1,619.0 million, doubling year-on-year, due to significant increases in the cost of direct material components. MOH declined to 9.0% as a percentage of sales in 1Q2023 compared to 10.6% in 1Q2022 on the back of economies of scale and further efficiencies.

Total SG&A for 1Q2023 stood at EGP 391.9 million, up 33.9% y-o-y; however, SG&A as a percentage of total sales declined to 14.1% compared to 18.8% in the first quarter of last year due to operational leverage.

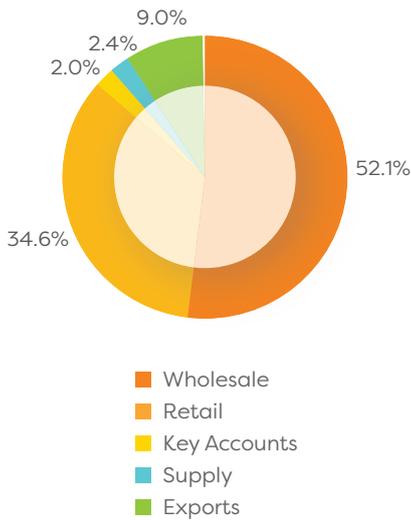
EBITDA for the quarter recorded EGP 527.6 million, up 79.8% y-o-y, with a stable EBITDA margin of 19.0% compared to 18.8% in 1Q2022. Improved EBITDA was supported by SG&A efficiency and a high operating leverage.

In 1Q2023, net profit grew an impressive 153.5% y-o-y to EGP 375.4 million with an improved net profit margin of 13.5% compared to 9.5% in 1Q2022, supported by strong performance down the income statement. Edita also benefitted from a EGP 47.1 million FX gain due to the revaluation of its USD cash position during the quarter.

Edita recorded gross export sales of EGP 238.0 million, up by a strong 204.0% y-o-y and contributing 9.0% to total revenues during the quarter compared to 5.0% in 1Q2022. In USD terms, export sales booked USD 7.9 million, up 66.2% y-o-y.



Revenue Contribution by Distribution Channel 1Q2023\*



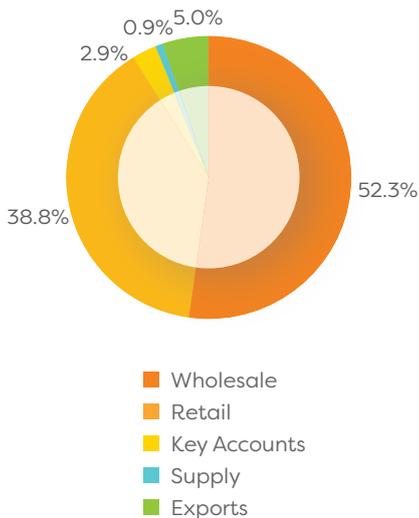
On the regional front, Edita Morocco recorded EGP 149.5 million in revenue and sold 48.4 million packs in the first quarter of 2023. As of the end of 1Q2023, Edita Morocco captured a 11.4% market share and is set to grow further this year as it capitalizes on the addition of its new Twinkies production line and expanded capacity.

Operational Developments

Introducing innovative and differentiated products that cater to the evolving tastes of consumers will continue to be a focal point for the company this year. In the first weeks of 2023, Edita launched Molto Magnum Mix in three flavours: chocolate and cream, salted caramel and cream as well as strawberry cheesecake and cream. The product was offered in two sizes, single serve croissant and mini croissants, both retailing at EGP 10 per pack. Furthermore, Edita rolled out Molto XXL Plus, a new variation of the popular Molto XXL with additional filling. In April, the company launched Oniro Coated Lava, a chocolate and vanilla biscuit filled with chocolate hazelnut cream and coated with chocolate. The product is retailing at EGP 5 per pack and is in line with the company’s strategy to continue diversifying its product portfolio.

In March, Edita unveiled its new branding and logo reflecting its accelerated growth and redefined strategy focusing on product diversity and regional expansion. The new logo, which has been rolled across the company’s products and marketing material, captures the notion of diversity, growth, teamwork and the richness of the portfolio.

Revenue Contribution by Distribution Channel 1Q2022\*



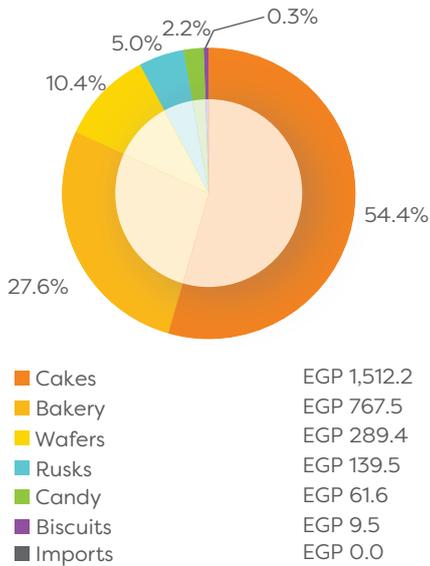
Edita was able to mitigate the effects of global inflationary pressures and supply chain disruptions through its long-standing relationships with global and local suppliers. The company is navigating the challenging operating environment by implementing a series of initiatives including widening the price spectrum across the whole portfolio, product reconfiguration, price adjustments through direct and indirect price increases and migrating consumers to higher price points.

\* Figures are based on gross sales



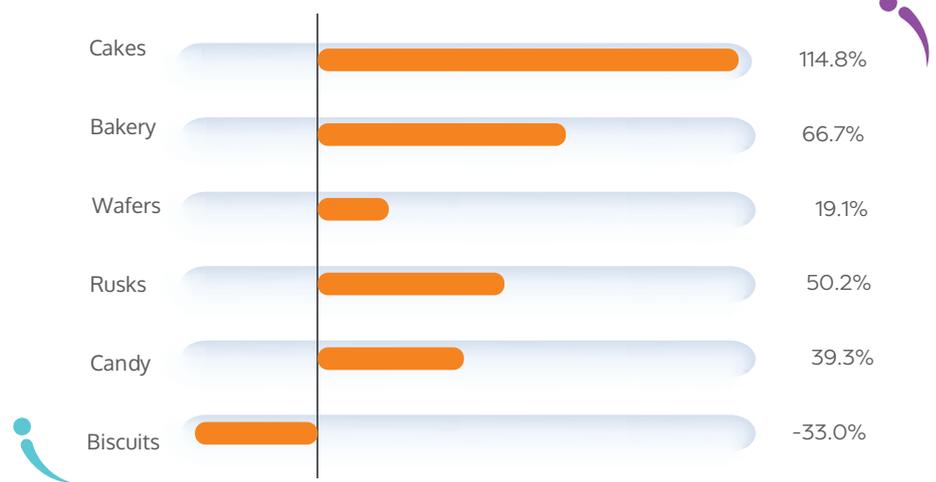
The figures displayed are based on unaudited results drawn from management accounts and finance department numbers (IFRS).

Segment Contribution to Revenue 1Q2023 (EGP mn)



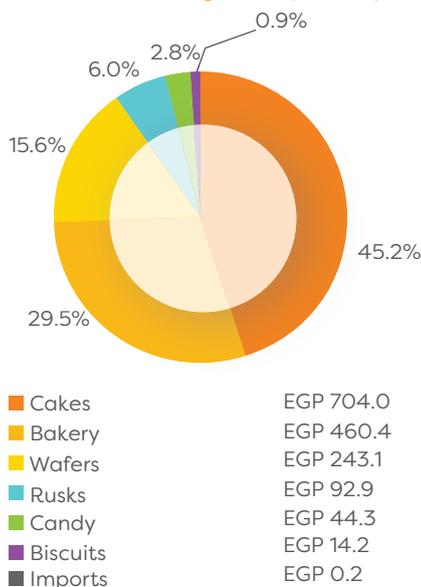
Overview of Segment Performance

1Q2023 Revenue Growth by Segment (y-o-y)



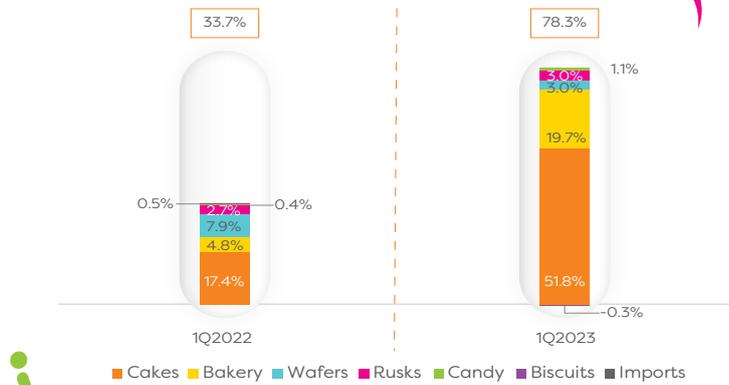
On a segment basis, Edita's consolidated top-line grew 78.3% y-o-y, with revenue at five of the six segments benefitting from a combination of higher prices and volumes. The main contributor to consolidated revenue growth was the cakes segment, which recorded a revenue of EGP 1,512.2 million in 1Q2023, up 114.8% y-o-y versus 1Q2022. Growth in the cakes segment was supported by a 54.8% y-o-y increase in packs sold coupled with a 38.7% increase in average price per pack. At the bakery segment, volumes have recovered following multiple rounds of direct price increases over the past year. Consequently, revenue grew by 66.7% y-o-y in 1Q2023 to EGP 767.5 million on the back of a 23.0% y-o-y increase in volume sold and a 35.6% y-o-y increase in the average price per pack. Meanwhile, revenue at the wafers segment grew 19.1% y-o-y to EGP 289.4 million as the average price per pack increased 31.3% y-o-y offsetting a 9.3% y-o-y drop in packs sold. Revenue at the rusks segment expanded 50.2% y-o-y in 1Q2023 to EGP 139.5 million driven by a 43.8% y-o-y increase in average price per pack and 4.5% y-o-y increase in volume sold. Revenue in the candy segment grew 39.3% y-o-y to EGP 61.6 million in 1Q2023, as a 69.7% y-o-y increase in volume sold outweighed the 17.9% y-o-y decrease in average price per pack. Finally, revenue at the biscuits segment fell 33.0% y-o-y to EGP 9.5 million in 1Q2023 as volume of packs sold decreased by 33.4% y-o-y and average price per pack remained relatively stable year-on-year.

Segment Contribution to Revenue 1Q2022 (EGP mn)

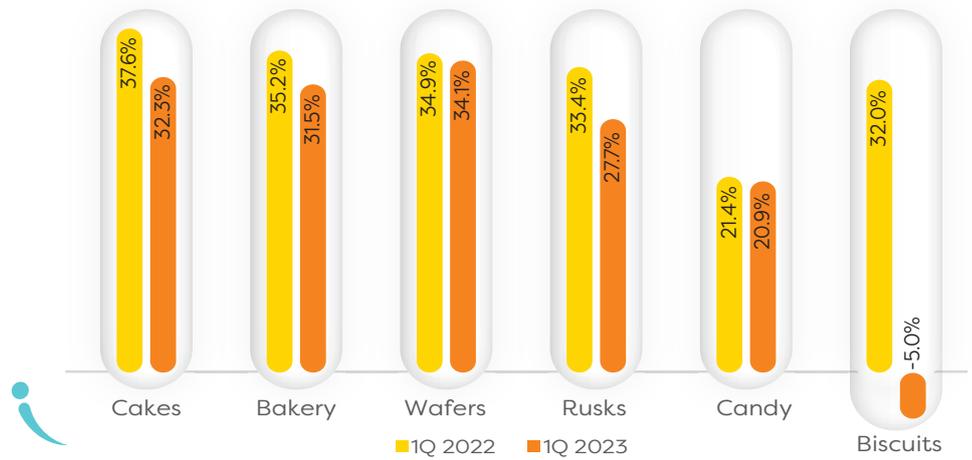


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Weighted Revenue Growth Breakdown



Gross Profit Margin by Product Segment



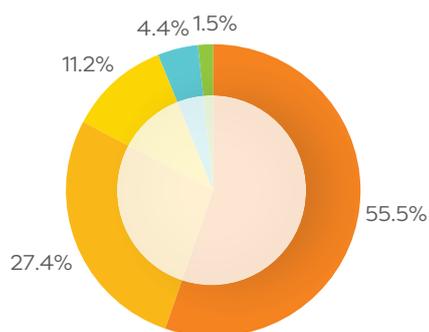
Consolidated gross profit rose 58.0% y-o-y in 1Q2023 to reach EGP 879.7 million with year-on-year gross profit growth recorded across all segments, with the exception of biscuits. While gross profit margin was squeezed given the inflationary environment and elevated cost base, Edita continued to implement different methodologies to protect its profitability. MOH efficiencies along with pricing strategies and portfolio optimization helped mitigate the effect of rising costs.

The cakes segment recorded a year-on-year gross profit growth of 84.7% in 1Q2023 with a gross profit of EGP 488.6 million and a GPM of 32.3% compared to 37.6% in 1Q2022. At the bakery segment, gross profit grew 48.9% y-o-y to EGP 241.4 million in 1Q2023, with a GPM of 31.5% versus 35.2% in 1Q2022. Meanwhile, the wafers segment saw a year-on-year gross profit expansion of 16.3% in 1Q2023 to EGP 98.6 million with a GPM of 34.1% versus the 34.9% booked in 1Q2022. The rusks segment recorded a gross profit of EGP 38.6 million, up 24.5% y-o-y, with a GPM of 27.7% versus 33.4% in 1Q2022. Gross profit in the candy segment reached EGP 12.9 million, up 36.0% y-o-y, with a GPM of 20.9% compared to 21.4% in 1Q2022. Finally, the biscuits segment's gross profit declined 110.5% y-o-y to negative EGP 0.5 million with a GPM of -5.0% versus 32.0% in 1Q2022.



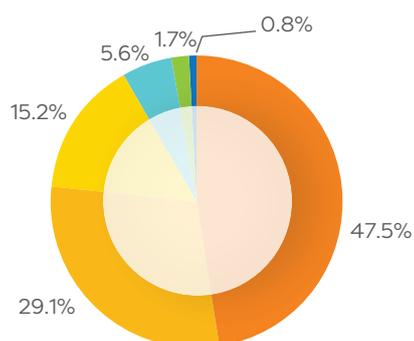
The figures displayed are based on unaudited results drawn from management accounts and finance department numbers (IFRS).

## Segment Contribution to Gross profit 1Q2023 (EGP mn)



■ Cakes	EGP 488.6
■ Bakery	EGP 241.4
■ Wafers	EGP 98.6
■ Rusks	EGP 38.6
■ Candy	EGP 12.9
■ Biscuits	EGP (0.5)
■ Imports	EGP 0.0

## Segment Contribution to Gross profit 1Q2022 (EGP mn)



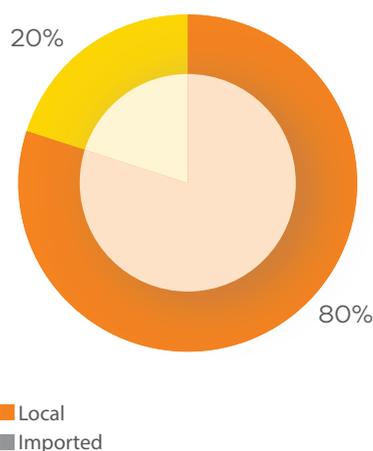
■ Cakes	EGP 264.5
■ Bakery	EGP 162.2
■ Wafers	EGP 84.4
■ Rusks	EGP 31.0
■ Candy	EGP 9.5
■ Biscuits	EGP 4.5
■ Imports	EGP 0.1

## Revenue and Gross Profitability by Segment

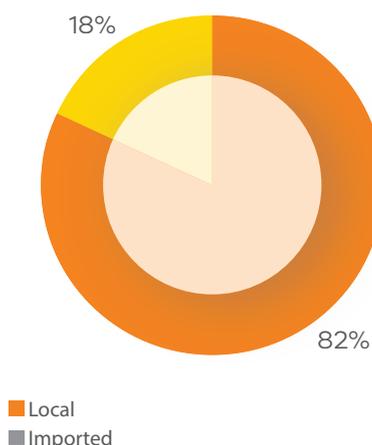
EGP mn	1Q2023	1Q2022	Change
<b>Cakes</b>			
Revenue	1,512.2	704.0	114.8%
Gross Profit	488.6	264.5	84.7%
Gross Profit Margin	32.3%	37.6%	-5.3pts
<b>Bakery</b>			
Revenue	767.5	460.4	66.7%
Gross Profit	241.4	162.2	48.9%
Gross Profit Margin	31.5%	35.2%	-3.8pts
<b>Wafers</b>			
Revenue	289.4	243.1	19.1%
Gross Profit	98.6	84.8	16.3%
Gross Profit Margin	34.1%	34.9%	-0.8pts
<b>Rusks</b>			
Revenue	139.5	92.9	50.2%
Gross Profit	38.6	31.0	24.5%
Gross Profit Margin	27.7%	33.4%	-5.7pts
<b>Candy</b>			
Revenue	61.6	44.3	39.3%
Gross Profit	12.9	9.5	36.0%
Gross Profit Margin	20.9%	21.4%	-0.5pts
<b>Biscuits</b>			
Revenue	9.5	14.2	-33.0%
Gross Profit	(0.5)	4.5	-
Gross Profit Margin	-5.0%	32.0%	-37.0pts
<b>Total Revenues*</b>	<b>2,779.7</b>	<b>1,559.0</b>	<b>78.3%</b>
<b>Total Gross Profit*</b>	<b>879.7</b>	<b>556.6</b>	<b>58.0%</b>
<b>Total GPM</b>	<b>31.6%</b>	<b>35.7%</b>	<b>-4.1pts</b>

\*Includes contributions from Edita's imports segment

## Imported vs. local direct material 1Q2023



## Imported vs. local direct material 1Q2022



### Segment Volumes and Prices

EGP	1Q2023	1Q2022	Change
<b>Cakes</b>			
Packs (mn)	671	433	54.8%
Tons (000s)	19.4	13.8	41.1%
Av. Price (EGP)	2.26	1.63	38.7%
<b>Bakery</b>			
Packs (mn)	183	149	23.0%
Tons (000s)	10.0	9.1	10.6%
Av. Price (EGP)	4.18	3.09	35.6%
<b>Wafers</b>			
Packs (mn)	120	132	-9.3%
Tons (000s)	2.6	3.0	-12.5%
Av. Price (EGP)	2.42	1.84	31.3%
<b>Rusks</b>			
Packs (mn)	44	42	4.5%
Tons (000s)	1.6	1.6	-1.6%
Av. Price (EGP)	3.20	2.23	43.8%
<b>Candy</b>			
Packs (mn)	13	8	69.7%
Tons (000s)	0.9	0.8	7.8%
Av. Price (EGP)	4.59	5.59	-17.9%
<b>Biscuits</b>			
Packs (mn)	4	6	-33.4%
Tons (000s)	0.2	0.2	-33.6%
Av. Price (EGP)	2.45	2.43	0.6%
<b>Total Packs* (mn)</b>	<b>1,035</b>	<b>770</b>	<b>34.4%</b>
<b>Total Tons* (000s)</b>	<b>34.8</b>	<b>28.6</b>	<b>21.8%</b>
<b>Av. Price/Pack (EGP)</b>	<b>2.69</b>	<b>1.91</b>	<b>40.8%</b>

\*Includes contributions from Edita's imports segment

### Balance Sheet

The company's total loans and borrowings as at 31 March 2023 stood at EGP 1,451.9 million, down from EGP 1,496.9 million as at year-end 2022. Total bank overdrafts recorded EGP 349.9 million as at 31 March 2023 down from EGP 501.7 million at year-end 2022. Cash balance stood at EGP 1.6 billion as at 31 March 2023 versus EGP 1.4 billion at year-end 2022. Edita recorded a net cash balance of EGP 108.1 million as at 31 March 2023 compared to EGP 107.8 million in net debt at year-end 2022.

Edita's reported inventories of EGP 1,314.2 million as at 31 March 2023, up from EGP 981.5 million as at 31 December 2022. Meanwhile, trade receivables stood at EGP 196.8 million as at 31 March 2023, up from EGP 141.9 million as at 31 December 2022.

Total CAPEX for the quarter ended 31 March 2023 was EGP 80.6 million including maintenance and expansion expenses.



New Product Launches  
2022/23



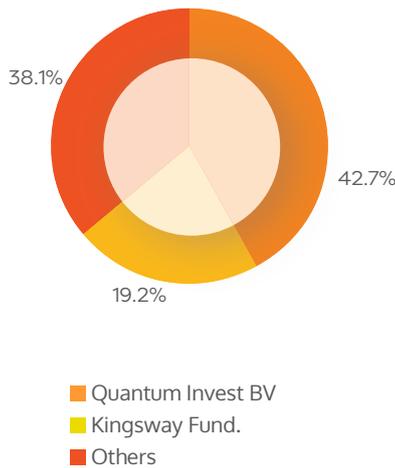
Egyptian Accounting Standards Reconciliation to IFRS

Edita's EAS and IFRS financial statements differ in the treatment of employees' profit share, which is expensed under the IFRS, while the EAS accounts for them as a distribution and are thus not included on the income statement. Also, EAS and IFRS differ in the calculation of EBITDA. In 1Q2023, EGP 47.1 million in FX gain and EGP 0.3 million related to gains on the sale of fixed assets were deducted from EBITDA. Moreover, a profit share deduction of EGP 24.9 million was made, bringing total EAS to IFRS adjustments on EBITDA to EGP 72.3 million. A reconciliation between Edita's financial statements in EAS with the IFRS-based financial statements for 1Q2023 is provided in the table below.

in EGP mn*	1Q2023 EAS	Adjustment	1Q2023 IFRS
<b>Net Sales</b>	<b>2,779.7</b>		<b>2,779.7</b>
COGS (excluding MOH)	1,619.0		1,619.0
MOH	239.8	(11.3)	251.1
Total	1,858.8	(11.3)	1,870.2
<b>Gross Profit</b>	<b>891.0</b>	<b>11.3</b>	<b>879.7</b>
Gross Profit Margin	32.1%		31.6%
Selling & Distribution Exp.	122.1	(7.6)	129.6
Advertising & Marketing Exp.	100.7		100.7
General & Admin. Exp.	155.5	(6.0)	161.5
Other Operational Exp.	24.9	0.7	24.2
<b>Profit from Operations</b>	<b>487.8</b>	<b>24.3</b>	<b>463.5</b>
Profit from Operations Margin	17.5%		16.7%
Lease Finance Interest	3.9	(0.3)	4.1
<b>Profit Before Income Tax</b>	<b>527.2</b>	<b>24.5</b>	<b>502.7</b>
Income Tax Expense	127.3		127.3
<b>Net Profit After Tax</b>	<b>399.9</b>	<b>24.5</b>	<b>375.4</b>
Net Profit After Tax Margin	14.4%		13.5%
<b>EBITDA</b>	<b>599.9</b>	<b>72.3</b>	<b>527.6</b>
EBITDA Margin	21.6%		19.0%

\*Figures are based on management accounts for better disclosure on expenses breakdown

**Shareholder Structure as of 1Q2023**



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**About Edita Food Industries**

Edita, founded in 1996 and headquartered in Egypt, is a leader in the growing Egyptian packaged snack food market. The Company manufactures, markets and distributes a range of branded baked snack products including packaged cakes, bakery, rusks (baked wheat), wafers and biscuits as well as selected confectionary/candy products. The Company’s local brand portfolio includes household names such as Todo, Molto, Bake Rolz, Bake Stix, Freska, Oniro and MiMix. The Company also has the exclusive ownership of the international Hostess brands Twinkies, Hoho’s and Tiger Tail in Egypt, Libya, Jordan, Palestine, Morocco, Algeria, Tunisia, Syria, Lebanon, Iraq, Bahrain, Oman, the UAE, Kuwait, Qatar and Saudi Arabia; and is party to a technical assistance and know-how agreement to manufacture 11 additional Hostess brands across its territories. The Company holds strong number-one market positions in its core cake and bakery segments as well as in rusks, a leading market position in candy and a growing market position in the wafers segment. In 1Q2023, the Company derived 91.0% of its revenue from Egypt and 9.0% from regional export markets. Learn more at [ir.edita.com.eg](http://ir.edita.com.eg)

**Forward-Looking Statements**

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company’s management (“Management”) on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company’s actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Company’s business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.



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