

**EDITA FOOD INDUSTRIES (S.A.E.)  
AND ITS SUBSIDIARIES  
REVIEW REPORT AND  
Condensed Consolidated Interim Financial Statements  
FOR THE NINE MONTHS PERIOD ENDED  
30 September 2023**

<b>Contents</b>	<b>Page</b>
Review report	1
Condensed Consolidated interim statement of financial position	2
Condensed Consolidated interim statement of profit or loss	3
Condensed Consolidated interim statement of comprehensive income	4
Condensed Consolidated interim statement of changes in equity	5
Condensed Consolidated interim statement of cash flows	6
Notes to the Condensed consolidated interim financial statements	7 – 28



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**Review Report**

**To: The Board of Directors of Edita Food Industries Company - S.A.E**

**Introduction**

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

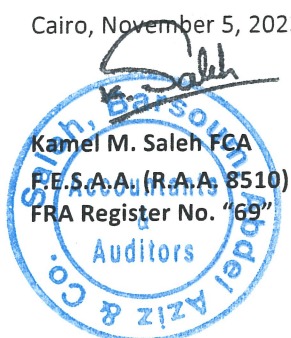
**Scope of Review**

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

**Conclusion**

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

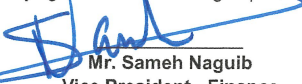
Cairo, November 5, 2023




**EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim Statement of Financial Position as of 30 September 2023**

	Note	30 September 2023 EGP	31 December 2022 EGP
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment and projects under constructions	3	3 099 717 024	2 542 714 675
Right of use assets		126 689 833	102 879 883
Intangible assets		182 557 973	186 592 129
Goodwill	5	41 956 386	41 956 386
<b>Total non-current assets</b>		<b>3 450 921 216</b>	<b>2 874 143 073</b>
<b>Current assets</b>			
Inventories	4	1 615 423 959	981 499 151
Trade receivables		141 039 819	79 797 130
Debtors and Other Debit Balance		461 578 860	403 345 638
Due from related parties		16 266 842	62 072 443
Treasury Bills	9	900 515 962	894 641 441
Cash and bank balances	10	531 174 420	494 387 224
<b>Total current assets</b>		<b>3 665 999 862</b>	<b>2 915 743 027</b>
<b>Total assets</b>		<b>7 116 921 078</b>	<b>5 789 886 100</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Paid up capital	11	144 611 688	144 611 688
Legal reserve	12	72 536 290	78 953 630
Cumulative translation reserve		( 75 076 193)	( 42 435 638)
Transactions with non-controlling interest		( 32 132 098)	( 32 132 098)
Treasury Shares	11	( 266 012 536)	( 160 827 557)
Retained earnings		3 500 370 642	2 687 811 227
<b>Total equity</b>		<b>3 344 297 793</b>	<b>2 675 981 252</b>
Non-controlling interest		44 613 698	40 997 184
<b>Total equity</b>		<b>3 388 911 491</b>	<b>2 716 978 436</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	13	781 380 051	739 496 389
Deferred government grants	13	16 849 948	16 912 608
Employee benefit obligations		36 513 850	33 396 656
Deferred tax liabilities		204 351 017	194 670 330
Lease liabilities		133 951 306	105 015 892
<b>Total non-current liabilities</b>		<b>1 173 046 172</b>	<b>1 089 491 875</b>
<b>Current liabilities</b>			
Provisions	14	93 173 519	72 714 381
Bank overdraft	15	696 049 094	501 662 587
Trade and notes payables	16	748 367 107	632 225 898
Creditors and other credit balances	17	319 626 356	316 639 631
Current portion of borrowings	13	361 464 563	244 539 006
Deferred government grants	13	3 402 582	4 111 485
Current income tax liabilities		319 341 377	198 667 784
Lease liabilities		13 538 817	12 855 017
<b>Total current liabilities</b>		<b>2 554 963 415</b>	<b>1 983 415 789</b>
<b>Total liabilities</b>		<b>3 728 009 587</b>	<b>3 072 907 664</b>
<b>Total equity and liabilities</b>		<b>7 116 921 078</b>	<b>5 789 886 100</b>

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

  
**Mr. Sameh Naguib**  
Vice President - Finance

  
**Eng. Hani Berzi**  
Chairman

- Auditor's review report attached

**EDITA FOOD INDUSTRIES (S.A.E) AND ITS SUBSIDIARIES**  
**Condensed Consolidated Interim statement of profit or loss**  
**For the nine months period ended 30 September 2023**

	Note	Nine Months period ended		Three Months period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		EGP	EGP	EGP	EGP
Revenue	18	8 753 978 329	5 147 710 130	3 116 192 430	2 015 567 758
Cost of sales	22	(5 886 881 373)	(3 369 222 347)	(2 066 321 050)	(1 326 280 004)
<b>Gross profit</b>		<b>2 867 096 956</b>	<b>1 778 487 783</b>	<b>1 049 871 380</b>	<b>689 287 754</b>
Other expenses - Net	19	25 735 609	8 375 575	(7 020 952)	3 207 751
Distribution cost	22	(735 087 178)	(591 209 940)	(245 904 304)	(188 203 732)
Administrative expenses	22	(516 475 711)	(309 522 003)	(175 845 599)	(116 154 930)
Inventory write-down provision	4	(8 965 540)	(2 925 000)	(4 032 020)	( 975 000)
Provisions	14	(18 070 771)	(2 884 056)	(3 880 988)	(1 035 460)
Employee Benefit Obligations provision		(6 750 000)	(4 500 000)	(2 250 000)	(1 500 000)
Finance Income		162 975 200	73 397 995	54 777 584	28 299 338
Foreign Exchange Gain		46 531 062	1 153 969	3 611 459	3 745 882
Finance cost - Net		(148 582 945)	(78 116 149)	(61 191 195)	(28 987 713)
Fair value gain on investments at fair value through profit or loss		-	(22 172 000)	-	-
Profits from disposal of Joint venture		-	31 807 595	-	-
Share of net loss of joint ventures accounted for using the equity method		-	(5 005 095)	-	-
<b>Profit before income tax</b>		<b>1 668 406 682</b>	<b>876 888 674</b>	<b>608 135 365</b>	<b>387 683 890</b>
Income tax expense		(398 543 627)	(203 115 767)	(148 069 742)	(88 821 240)
<b>Net profit for the period</b>		<b>1 269 863 055</b>	<b>673 772 907</b>	<b>460 065 623</b>	<b>298 862 650</b>
<b>Profit is attributable to</b>					
Owners of the parent		1 278 042 075	675 279 079	465 798 272	299 755 048
Non-controlling interest		( 8 179 020)	( 1 506 172)	( 5 732 649)	( 892 398)
<b>Net profit for the period</b>		<b>1 269 863 055</b>	<b>673 772 907</b>	<b>460 065 623</b>	<b>298 862 650</b>
<b>Basic and Diluted earnings per share</b>	20	<b>1.69</b>	<b>0.94</b>	<b>0.62</b>	<b>0.42</b>

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

**EDITA FOOD INDUSTRIES S.A.E.**  
**Condensed Consolidated Interim statement of comprehensive income**  
**For the nine months ended 30 September 2023**

	Nine Months period ended		Three Months period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	1 269 863 055	673 772 907	460 065 623	298 862 650
Other comprehensive income				
Items that may be reclassified to profit or loss :-				
Exchange differences on translation of foreign operations	( 20 845 021)	( 30 512 801)	( 7 018 956)	( 10 847 743)
<b>Total comprehensive income for the period</b>	<b><u>1 249 018 034</u></b>	<b><u>643 260 106</u></b>	<b><u>453 046 667</u></b>	<b><u>288 014 907</u></b>
<b>Attributable to</b>				
Owners of the parent	1 245 401 520	645 562 167	458 779 316	288 907 305
Non-controlling interest	3 616 514	( 2 302 061)	( 5 732 649)	( 892 398)
<b>Total comprehensive income for the period</b>	<b><u>1 249 018 034</u></b>	<b><u>643 260 106</u></b>	<b><u>453 046 667</u></b>	<b><u>288 014 907</u></b>

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

**EDITA FOOD INDUSTRIES S.A.E.**  
**Condensed Consolidated Interim statement of changes in equity**  
**For the nine months ended 30 September 2023**

	Paid up capital	Legal reserve	Cumulative translation reserve	Transactions with non-controlling interest	Treasury Shares	Retained earnings	Total Owners of the parent	Non-controlling interest	Total owners' equity
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Balance at 1 January 2022</b>	144 611 688	78 953 630	1 562 479	(32 132 098)	-	1 917 983 230	2 110 978 929	689 847	2 111 668 776
Joint venture adjustment	-	-	-	-	-	-	-	20 207 570	20 207 570
Amounts paid under the capital increase account - Edita Morocco	-	-	-	-	-	-	-	14 986 994	14 986 994
Net profit for the period	-	-	-	-	-	675 216 635	675 216 635	(1 443 727)	673 772 908
other comprehensive income	-	-	(29 654 467)	-	-	-	(29 654 467)	(858 334)	(30 512 801)
<b>Total comprehensive income for the period</b>	-	-	(29 654 467)	-	-	675 216 635	645 562 168	(2 302 061)	643 260 107
<b>Shareholders transactions</b>									
Dividends distribution for 2021	-	-	-	-	-	(257 450 000)	(257 450 000)	-	(257 450 000)
Treasury shares acquisition	-	-	-	-	(58 891 581)	-	(58 891 581)	-	(58 891 581)
<b>Total shareholders transactions</b>	-	-	-	-	(58 891 581)	(257 450 000)	(316 341 581)	-	(316 341 581)
<b>Balance at 30 September 2022</b>	144 611 688	78 953 630	(28 091 988)	(32 132 098)	(58 891 581)	2 335 749 865	2 440 199 516	33 582 350	2 473 781 866
<b>Balance at 1 January 2023</b>	144 611 688	78 953 630	(42 435 638)	(32 132 098)	(160 827 557)	2 687 811 227	2 675 981 252	40 997 184	2 716 978 436
Transfer from Legal reserve	-	(6 417 340)	-	-	-	6 417 340	-	-	-
Net profit for the period	-	-	-	-	-	1 278 042 075	1 278 042 075	(8 179 020)	1 269 863 055
Other comprehensive income for the period	-	-	(32 640 555)	-	-	-	(32 640 555)	11 795 534	(20 845 021)
<b>Total comprehensive income for the period</b>	-	-	(32 640 555)	-	-	1 278 042 075	1 245 401 520	3 616 514	1 249 018 034
<b>Shareholders transactions</b>									
Acquisition of Treasury Shares	-	-	-	-	(105 184 979)	-	(105 184 979)	-	(105 184 979)
Dividends Distribution for 2022	-	-	-	-	-	(471 900 000)	(471 900 000)	-	(471 900 000)
<b>Total shareholders transactions</b>	-	-	-	-	(105 184 979)	(471 900 000)	(577 084 979)	-	(577 084 979)
<b>Balance at 30 September 2023</b>	144 611 688	72 536 290	(75 076 193)	(32 132 098)	(266 012 536)	3 500 370 642	3 344 297 793	44 613 698	3 388 911 491

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

**EDITA FOOD INDUSTRIES S.A.E.**  
**Condensed Consolidated Interim statement of cash flows**  
**For the nine months ended 30 September 2023**

	Notes	30 September 2023	30 September 2022
		EGP	EGP
<b>Cash flows from operating activities</b>			
Profit for the period before income tax		1 668 406 682	876 888 674
<b>Adjustments for:</b>			
Provisions Formed	14	25 937 887	2 884 057
Provisions no longer required	14	( 7 867 116)	291 971
Employee benefit obligation		6 750 000	4 500 000
Interest expense		136 433 043	70 859 939
Interest expense - Leases assets		12 149 902	7 256 228
Amortization -Lease		15 689 013	11 010 677
Fair value gain on financial assets at fair value through profit or loss		-	22 172 000
Share of net loss of joint ventures accounted for using the equity method		-	5 005 095
Deferred Grant income		( 3 401 171)	( 24 406 589)
Interest income		( 162 975 200)	( 73 397 995)
Depreciation of Fixed Assets	3	187 390 484	151 439 294
Amortization of Intangible Assets		5 656 826	4 148 630
Provision of slow moving inventory	4	8 965 540	2 925 000
Gain from sale of property, plant and equipment		( 1 786 770)	( 7 800 409)
Foreign exchange gains		( 49 212 082)	( 1 154 085)
Proceeds from sale of Joint venture	7	-	( 31 807 595)
		<b>1 842 137 038</b>	<b>1 020 814 892</b>
<b>Change in working Capital</b>			
Inventories		( 637 619 778)	( 301 618 567)
Trade receivables and other debit balances		( 37 043 874)	( 159 081 108)
Trade and other payables *		102 393 754	316 006 744
Provision utilized	14	( 2 471 499)	( 163 897)
Inventory provision used	4	( 2 757 220)	( 668 379)
Payments of employee benefit obligations		( 3 632 806)	( 865 644)
Dividends paid to Company's employees		( 70 139 931)	( 40 750 000)
		<b>1 190 865 684</b>	<b>833 674 041</b>
<b>Cash generated from operating activities</b>			
Interest paid		( 117 432 777)	( 73 134 931)
Income tax paid		( 288 599 095)	( 42 184 209)
<b>Net cash flows generated from operating activities</b>		<b>784 833 812</b>	<b>718 354 901</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of property, plant and equipment and projects under constructions		( 283 679 618)	( 287 589 406)
Payment for purchase of Intangible assets		( 1 622 670)	( 11 913 190)
Proceeds from sale of property, plant and equipment		1 866 819	36 096 727
Interest received		138 185 519	78 521 671
Payment for purchase of treasury bills		(3 821 558 313)	(1 428 957 504)
Proceeds from sale of Treasury Bills		3 840 473 473	1 435 628 330
Payment for Acquisition of subsidiaries **	8	( 257 206 976)	-
Cash and cash equivalent under business combination		440 012	-
Payments for purchase of financial assets at fair value through profit and loss		-	45 047 121
Cash generated from gaining control over edita Morocco		-	11 296 933
<b>Net cash flows used in investing activities</b>		<b>( 383 101 754)</b>	<b>( 121 869 318)</b>
<b>Cash flows from financing activities</b>			
Lease Payments		( 22 366 626)	( 13 781 871)
Payments of borrowings		( 499 393 283)	( 138 141 065)
Proceeds from borrowings		464 109 761	191 595 531
Amounts paid under the capital increase account - Edita Morocco		-	14 986 994
Payments for acquisition of treasury shares	11	( 105 184 979)	( 58 891 581)
Dividends paid to shareholders		( 400 000 000)	( 200 000 000)
<b>Net cash flows used in financing activities</b>		<b>( 562 835 127)</b>	<b>( 204 231 992)</b>
<b>Net increase in cash and cash equivalents</b>		<b>( 161 103 069)</b>	<b>392 253 591</b>
Cash and cash equivalents at beginning of the period		( 7 275 363)	( 241 111 347)
Cash and cash equivalents foreign exchange		3 503 758	-
<b>Cash and cash equivalents at end of the period</b>	10	<b>( 164 874 674)</b>	<b>151 142 244</b>

\*The effect of non-cash of purchase of property, plant, and equipment amounted to EGP 15 348 423 had been eliminated as non cash transaction against the related increase in Trade and other payables.

\*\* The consideration paid for the Acquisition of subsidiaries includes an amount of 136 280 072 Egyptian pound as debt assignment for the group from the old shareholders.

The effect of the Acquisition of Fancy food SAE (acquired company) and Edita for food industries S.A.E (Acquirer company) on the balances of the acquired company had been eliminated from the statement of cash flows as non-cash transactions (note 8 )

- The accompanying notes form an integral part of these Condensed consolidated interim financial statements.



## 1. General information

Edita Food Industries S.A.E. 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. The company's period is 25 years, and the company's period have been extended by 25 years ending July 7, 2046.

The Group provides manufacturing, producing and packing of all food products and producing and packing of juices, jams, readymade food, cakes, pastry, milk products, meat, vegetables, fruits, chocolate, vegetarian products and other food products with all necessary ingredients.

The Group's financial year start on 1 January and ends on 31 December each year.

These consolidated financial statements have been approved by Chairman on 5 November 2023.

## 2. Accounting policies

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

### A. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with Egyptian Accounting Standard No. 30 "Interim Financial Reporting" and applicable related laws and regulations. The condensed consolidated financial statements have been prepared under the historical cost convention except for employees' post-employment defined benefit obligations that are measured at the present value of the obligation using the projected credit unit method.

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

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

### Percentage of ownership in subsidiaries

The group consists of the below companies as of 30 September 2023 and 31 December 2022 unless otherwise was noted and the percentage of the Group's share of the companies in is the direct ownership of the ordinary shares of the paid-up capital only.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non- controlling interests	
		30 September	31 December	30 September	31 December
		2023	2022	2023	2022
Edita for Trade and Distribution (previously Digma for Trading)	Egypt	99.8%	99.8%	0.2%	0.2%
Edita Confectionery Industries	Egypt	99.98%	99.98%	0.02%	0.02%
Edita participation limited	Cyprus	100%	100%	--	--
Edita food Industries -Morocco	Morocco	77%	77%	23%	23%
Edita Holding for Investments	Egypt	100%	100%	--	--
Edita Frozen Foods (Previously Fancy Foods industries)	Egypt	100%	--	--	--

## **B. Basis of consolidation**

### **1) Subsidiaries**

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 over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully condensed consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

#### **1.1 Acquisition method**

The group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiring on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquirer's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **1.2 Changes in ownership interests in subsidiaries without change of control**

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.

#### **1.3 Disposal of subsidiaries**

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 for the parent company.

#### **1.4 Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### **1.5 Measurement period:**

The measurement period is the period after the acquisition date which provides the acquirer with a reasonable time to obtain the information necessary to identify and measure all items arisen from an acquisition of a subsidiary. The measurement period shall not exceed one year from the acquisition date, If the group has identified a new facts or circumstances regarding the acquisition during the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date.

### **2) Investment in Joint Venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

#### **2.1 Equity accounting method**

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition from the change of the group's share from the joint venture's net assets. The group's share of post-acquisition profit or loss is recognized in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. with the group's share of the changes in equity after acquisition date.

#### **2.2 Changes in owner's equity**

If an entity's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the entity shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

### **2.3 The losses of a joint venture**

When the group's share of losses in an joint venture equals or exceeds its interest in the joint venture, the group does not recognise further losses, and after the group's share reduced to zero, any additional losses and liabilities are recognized only to the limit it has incurred legal or constructive obligations or made payments on behalf of the joint venture, When the joint venture start to generate profits in the upcoming periods, the group continues to recognize their share in these profits, only after their share of profits equals their share of unrecognized losses.

### **2.4 Transactions with joint venture**

Profits and losses resulting from upstream and downstream transactions between the group (including the subsidiaries) and the joint venture are recognised in the group's financial statements only to the extent of other investor's interests in the joint venture.

### **2.5 Goodwill arisen from investments in joint venture**

Goodwill represents the excess of the consideration transferred, of the group's share in the fair value of the net identifiable assets and liabilities acquired at the acquisition date.

Goodwill arises from the investment in joint venture is included within the cost of the investment in joint venture after deduction of impairment losses in joint venture and it does not presented separately, and the goodwill impairment is not tested separately, In addition to the impairment test is performed on the carrying amount of total investments – as an individual asset, by comparing the carrying value with the recoverable amount of the asset, and the impairment losses recognized at this case are not allocated to any asset, therefore, any reversed settlement for the impairment losses are recognized to the extent that the recoverable amount will increase to the extent it will not exceed the amount of the impairment losses previously recognized.

**EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**

Notes to the condensed consolidated interim financial statements

For the nine months period ended 30 September 2023

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

**3. Property, plant and equipment and projects under constructions**

	Land	Buildings	Machinery and Equipment	Vehicles	Tools & Equipment	Furniture and Office Equipment	Projects under construction*	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Cost</b>								
<b>As of January 1, 2022</b>	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
Transferred from projects under constructions	-	21 153 462	225 366 788	-	35 400 690	6 750 205	(300 584 333)	(11 913 188)
Morocco Additions	-	131 625 033	66 939 592	335 997	6 959 566	1 243 270	87 955	207 191 413
Translation differences	-	(9 071 186)	85 962 308	-	251 803	80 555	(319 897)	76 903 583
Additions	-	-	2 124 681	58 354 200	17 530 350	9 212 836	263 058 138	350 280 205
Disposals	(14 194 132)	(827 195)	(18 262 325)	(18 596 784)	(2 854 194)	(128 416)	(11 424 715)	(66 287 761)
<b>As of December 31, 2022</b>	106 714 128	1 119 966 917	1 789 646 950	368 329 286	272 791 918	159 141 122	39 405 730	3 855 996 051
<b>Accumulated depreciation</b>								
<b>As of January 1, 2022</b>	-	(245 016 347)	(486 348 876)	(173 512 140)	(128 094 146)	(101 224 006)	-	(1 134 195 515)
Depreciation for the period	-	(43 227 888)	(73 326 791)	(41 072 694)	(32 564 356)	(17 905 197)	-	(208 096 926)
Accumulated depreciation of disposals	-	143 380	11 568 483	16 761 912	423 164	114 126	-	29 011 065
<b>As of December 31, 2022</b>	-	(288 100 855)	(548 107 184)	(197 822 922)	(160 235 338)	(119 015 077)	-	(1 313 281 376)
<b>Net book value as of December 31, 2022</b>	106 714 128	831 866 062	1 241 539 766	170 506 364	112 556 580	40 126 045	39 405 730	2 542 714 675
<b>Cost</b>								
<b>Cost as of January 1, 2023</b>	106 714 128	1 119 966 917	1 789 646 950	368 329 286	272 791 918	159 141 122	39 405 730	3 855 996 051
Transferred from projects under constructions	-	14 680 961	37 722 229	-	29 900 158	-	(83 378 356)	(1 075 008)
Acquisition through business combinations	42 436 000	64 223 152	191 963 831	4 100 000	5 500 000	200 000	86 491 997	394 914 980
Translation differences	-	33 621 262	44 721 563	-	2 528 129	355 752	-	81 226 706
Additions	-	-	5 266 195	99 422 031	12 415 682	15 735 632	136 566 664	269 406 204
Disposals	-	-	-	(2 880 500)	(3 000)	(384 467)	-	(3 267 967)
<b>Cost as of September 30, 2023</b>	149 150 128	1 232 492 292	2 069 320 768	468 970 817	323 132 887	175 048 039	179 086 035	4 597 200 966
<b>Accumulated depreciation</b>								
<b>As of January 1, 2023</b>	-	(288 100 855)	(548 107 184)	(197 822 922)	(160 235 338)	(119 015 077)	-	(1 313 281 376)
Depreciation for the period	-	(40 529 184)	(65 664 685)	(37 372 205)	(28 724 144)	(15 100 266)	-	(187 390 484)
Accumulated depreciation of disposals	-	-	-	2 800 451	3 000	384 467	-	3 187 918
<b>As of September 30, 2023</b>	-	(328 630 039)	(613 771 869)	(232 394 676)	(188 956 482)	(133 730 876)	-	(1 497 483 942)
<b>Net book value as of September 30, 2023</b>	149 150 128	903 862 253	1 455 548 899	236 576 141	134 176 405	41 317 163	179 086 035	3 099 717 024

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Cost of sales	129 386 455	141 532 318
Distribution costs	40 671 923	46 286 057
Administrative expenses	17 332 106	20 278 551
	<b>187 390 484</b>	<b>208 096 926</b>

The project under construction represents the following Categories:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Buildings	109 628 621	7 686 475
Machinery and equipment	39 744 350	19 400 187
Tools and equipment	4 492 961	8 474 704
Technical and other installations	25 220 103	3 844 364
	<b>179 086 035</b>	<b>39 405 730</b>

#### 4. Inventories

	<b>30 September 2023</b>	<b>31 December 2022</b>
Raw and packaging materials	1 356 565 070	792 411 132
Finished goods	137 973 226	70 092 406
Spare parts	69 479 278	53 032 467
Work in process	46 653 391	25 050 325
Consumables	18 271 055	48 222 562
<b>Total</b>	<b>1 628 942 020</b>	<b>988 808 892</b>
Less: write-down for slow moving and obsolete inventory	(13 518 061)	(7 309 741)
<b>Net</b>	<b>1 615 423 959</b>	<b>981 499 151</b>

#### Write-down for slow moving and obsolete inventory:

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Balance as of 1 January</b>	7 309 741	4 228 565
Charged during the period / year	8 965 540	3 900 000
Utilized during the period / year	(2 757 220)	(818 824)
<b>Ending Balance as of the period / year</b>	<b>13 518 061</b>	<b>7 309 741</b>

#### 5. Goodwill

On April 21, 2022, the group's management obtained control over Edita Food Industries Morocco. Where both parties signed an amendment agreement where reserved matters related to joint control has been removed following non-exercise of the call option by DISLOG. The group management completed the fair value study for identified assets and liabilities related to the acquisition of Edita Food Industries Morocco and revaluation of goodwill and intangible assets at date of step acquisition of Edita Food Industries Morocco. Please refer to Note No. (7).

	<b>30 September 2023</b>	<b>31 December 2022</b>
Goodwill resulting from acquisition of subsidiary	41 956 386	41 956 386
	<b>41 956 386</b>	<b>41 956 386</b>

	<b>30 April 2022</b>
	<b><u>EGP</u></b>
<b>The net fair value of the assets and liabilities acquired</b>	<b>(87 859 000)</b>
<b>Add:</b>	
Consideration paid to acquire the additional stake of 7.4%	12 611 623
Fair value of the previously held interest	96 996 193
Non-controlling interest shares at fair value of net identifiable assets	20 207 570
<b>Goodwill</b>	<b><u>41 956 386</u></b>

## **6. Investment in joint venture**

Investment in joint venture represents the Group's investment in Edita Food Industries Morocco.

On April 2021, the group acquired additional 112 500 shares (25%) in Edita Food Industries Morocco from La Marocaine De Distribution De Logistiquis (Dislog S.A) against consideration of EGP 31 529 057, of which 7.4% was subject to a call option exercisable at any point until April 2022 by the Dislog.A.

Due to the terms of the call option, the 7.4% was not considered as a purchase as the Dislog.A retained the beneficial interest. The amount paid under the call option was considered a receivable from the minority interest and if not exercised will be accounted for as purchase of 7.4% at that date.

Immediately prior to the purchase, the carrying amount of the 17.6% of the net assets in Edita Food Industries Morocco was EGP 12 325 493, the receivable related to the 7.4% call option has been included in due from related parties, the excess of consideration paid over the acquired 17.6% share of the net assets has been allocated on a provisional basis.

On April 21, 2022, the call option lapsed, and the minority shareholder didn't exercise the option. Therefore, Edita Group Share in Edita Food Industries Morocco increased from 69.6% to 77%. At the date of the lapse of the option, Edita Participation Limited and the minority shareholder signed a new shareholder agreement which resulted in Edita Group obtained control over Edita Food Industries Morocco. At that date, the investment was derecognized from investments in joint venture and became an investment in subsidiary (Note No. 7).

## **7. Acquisition in stages of a subsidiary company**

On April 21, 2022, the call option lapsed, and the minority shareholder in Edita Food Industries Morocco did not exercise the purchase option. Therefore, the group took the beneficial ownership of an additional stake of 7.4% in Edita Food Industries Morocco. at that date, the Group and the minority shareholders signed a new shareholder agreement which resulted in the Group obtaining control of Edita Food Industries Morocco and the investment was derecognized from investments in joint venture and became an investment in subsidiary. The goodwill recognized represents the excess of cash consideration paid to acquire the additional stake of 7.4%, acquisition-date fair value of previously held equity interest and the non-controlling interest share of the fair value of identifiable assets acquired and it's assumed liabilities over the fair value of the acquiree identifiable net assets.

The group management has applied the requirements of the Egyptian Accounting Standard (No. 29) with regard to the accounting for business combination carried out in stages and the group's management has re-measured the equity interest previously held in the invested company at fair value at the date of control and recognized the profits resulting from the remeasurement of the investment in the condensed consolidated statement of profit or loss of EGP 31 807 595.

The fair value of the identifiable assets and it's assumed liabilities arising from the acquisition of Edita Food Industries Morocco has been determined. The fair value at the acquisition date amounted to EGP 87 859 000.

**Net cash acquired from the acquisition of a subsidiary:**

	<b>30 April 2022</b>
	<b><u>EGP</u></b>
Consideration paid to acquire the additional stake of 7.4%	(12 611 623)
Deduct: cash and cash equivalents of the acquired Company	11 296 933
	<b><u>(1 314 690)</u></b>

**Profits from disposed investment in joint venture:**

	<b>30 April 2022</b>
	<b><u>EGP</u></b>
The fair value of the investment at the date of disposal	96 996 193
<b><u>Deduct:</u></b>	
The book value of the investment at the date of disposal of the joint venture company	(65 188 598)
	<b><u>31 807 595</u></b>

During September 2022, La Marocaine De Distribution De Logistiques (Dislog S.A) Company paid 14 986 994 under the capital increase account - Edita Morocco. Where the procedures regarding the increase was completed in the subsequent period

**8. Business Combinations**

During the second quarter of 2023 Edita Food Industries S.A.E acquired 100% of Fancy foods S.A.E.

The group's management has applied the requirements of The Egyptian Standard (No.29) with regard to accounting for business combination and the group's management has measured the Net assets at fair value at the date of control.

According to article No. 45 of the Egyptian Accounting Standard No. (29), the initial accounting for the business combination was not completed until the end of the reporting period, as the group's management is still preparing a study for the purchase price allocation at the date of the combination for the purpose of allocating the consideration paid over the fair values of the acquired assets, assumed liabilities and goodwill.

The company will perform during the measurement period, which is the period post the acquisition date, where there will be a reasonable time for the company to determine and measure the fair values of the following at the acquisition date:

- a) Identifiable acquired assets, contingent liabilities, and any non-controlling interests in the acquired subsidiary.
- b) The consideration transferred to acquire the subsidiary.
- c) Previously owned equity interest in the acquired subsidiary.



The fair value of identifiable assets acquired, liabilities and potential liabilities assumed resulting from the acquisition of Fancy foods S.A.E. has been provisionally determined, and the provisional fair value of the net assets acquired at the date of the acquisition was EGP 257 206 976 represented below: -

<b>Non-current assets</b>	
Property, plant, and equipment	394 914 980
Right of use assets	2 318 978
<b>Total non-current assets</b>	<b>397 233 958</b>
<b>Current assets</b>	
Inventories	2 513 350
Cash and Cash Equivalents	440 012
Trade and other receivables	10 833 971
<b>Total current assets</b>	<b>13 787 333</b>
<b>Total assets</b>	<b>411 021 291</b>
<b>Non-current liabilities</b>	
Deferred tax liabilities	27 091 179
Borrowing	95 055 818
Lease liabilities	1 570 288
<b>Total non-current liabilities</b>	<b>123 717 285</b>
<b>Current liabilities</b>	
Trade and other payables	25 210 099
Bank overdraft	1 929 441
Provisions	2 957 490
<b>Total current liabilities</b>	<b>30 097 030</b>
<b>Total Liabilities</b>	<b>153 814 315</b>
<b>Fair Value for Net Identifiable Assets</b>	<b>257 206 976</b>

#### Non-Cash Transactions

The impact of non-cash transactions resulting from the signing of the acquisition contract for Fancy Foods related to the balances of net assets of Fancy Foods As of June 1, 2023, on the balances of the Edita Food Industries Group has been excluded from the statement of cash flows, shown in the following table:

	<b>EGP</b>
Property, Plant and Equipment and Projects under constructions	394 914 980
Right of Use Assets	2 318 978
Inventory	2 513 350
Trade Receivables and Other Debit Balances	10 833 971
Loans	(95 055 818)
Lease Liability	(1 570 288)
Bank overdraft	(1 929 441)
Provisions	(2 957 490)
Deferred Tax	(27 091 179)
Trade Payable	(25 210 099)

## 9. Treasury bills

	30 September 2023	31 December 2022
<b>Treasury bills par value</b>		
0-31 Days maturity	--	86 000 000
91 Days maturity	660 000 000	685 000 000
182 Days maturity	210 000 000	--
364 Days maturity	50 000 000	150 000 000
<b>Total</b>	<b>920 000 000</b>	<b>921 000 000</b>
Total Unearned credit interest	(66 791 700)	(48 876 540)
<b>Amount paid for treasury bills</b>	<b>853 208 300</b>	<b>872 123 460</b>
Interest income recognized to profit or loss	47 307 662	22 517 981
<b>Treasury bills balance</b>	<b>900 515 962</b>	<b>894 641 441</b>

The average effective interest rate related to treasury bills is 20.64%.

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

- It is issued and guaranteed by Government of Egypt.
- There is no history of default.
- Incorporating forward-looking information would not result in an increase in Expected default rate.

## 10. Cash and bank balances

	30 September 2023	31 December 2022
Cash at banks and on hand	259 553 131	277 974 979
Time deposit – Foreign currency	271 621 289	216 412 245
<b>Cash and bank balances</b>	<b>531 174 420</b>	<b>494 387 224</b>

\* The average rate on time deposit is 5.30% with maturity less than three months.

For the purpose of preparation of the interim consolidation cash flow statements, cash and cash equivalents consist of:

	30 September 2023	30 September 2022
Cash and bank balances	531 174 420	524 192 343
Bank overdraft (Note 15)	(696 049 094)	(373 050 099)
<b>Total</b>	<b>(164 874 674)</b>	<b>151 142 244</b>

## 11. Share capital

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

On 30 March 2016 an extra ordinary general assembly meeting was held in which the shareholders approved the increase of issued and paid-up capital from EGP 72 536 290 to be EGP 145 072 580.

An increase amounted to EGP 72 536 290 distributed over 362 681 450 shares with a par value of LE 0.2 per share financed from the dividends of the year ended 31 December 2015 distributed as a free share for each original share which has been registered in commercial register on 9 May 2016.

On 4 April 2021, the extraordinary general assembly meeting approved to write off the treasury shares amounted 2 304 461. Accordingly, the share capital has been reduced by the par value of the treasury shares to be EGP 144 611 688 and the difference between the par value and the consideration paid to acquire those shares was absorbed in retained earnings.

### **Treasury shares**

According to Board of Director resolution on August 2, 2022 and October 18, 2022, the group purchased 15 814 199 shares from the stock market and held in treasury for a total consideration of EGP 160 827 557, the consideration paid has been accounted for as part of the statement of shareholders' Equity.

According to Board of Director 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 part of the statement of shareholders' Equity.

### **12. 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 issued capital. The reserve is not eligible for distribution to shareholders.

### **13. Loans**

	<b>30 September 2023</b>			<b>31 December 2022</b>		
	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>
Loans	361 464 563	781 380 051	<b>1 142 844 614</b>	244 539 006	739 496 389	<b>984 035 395</b>
	<b>361 464 563</b>	<b>781 380 051</b>	<b>1 142 844 614</b>	<b>244 539 006</b>	<b>739 496 389</b>	<b>984 035 395</b>

The due dates for current portion loans according to the following schedule:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Balance due within 1 year	344 454 442	237 632 559
Accrued interest	17 010 121	6 906 447
	<b>361 464 563</b>	<b>244 539 006</b>

#### **(1) IFC loan obtained by Edita food industries and EPL**

	<b>2023</b>			<b>2022</b>		
	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>
IFC loan	122 857 593	198 080 545	<b>320 938 138</b>	43 305 344	257 608 000	<b>300 913 344</b>
	<b>122 857 593</b>	<b>198 080 545</b>	<b>320 938 138</b>	<b>43 305 344</b>	<b>257 608 000</b>	<b>300 913 344</b>

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

	<b>2023</b>	<b>2022</b>
Balance due within 1 year	111 420 567	39 632 000
Accrued interest	11 437 026	3 673 344
	<b>122 857 593</b>	<b>43 305 344</b>

In June 2019, the group signed an agreement with a financial institution to obtain a loan amounting to USD 20 000 000.

#### **Terms of payments:**

The group is obligated to pay USD 20 000 000 on 10 equal semi-annual instalments; each instalment amounts to USD 2 000 000. The first instalment is due in May 2021 and the last in November 2025.

#### **Interest:**

The interest rate is 4% above the USD Libor rate – 6 months.

#### **Fair value:**

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

**(2) Edita Food Industries**

	30 September 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
First loan	--	--	--			
Second loan	--	--	--	--	--	--
Third loan	--	--	--	--	--	--
Fourth loan	20 426 528	--	<b>20 426 528</b>	40 000 000	20 000 000	<b>60 000 000</b>
Fifth loan	--	--	--	--	--	--
Seventh loan	45 585 350	23 995 034	<b>69 580 384</b>	34 762 943	40 702 977	<b>75 465 920</b>
Eighth Loan	51 733 579	83 637 285	<b>135 370 864</b>	15 258 754	83 857 170	<b>99 115 924</b>
Ninth Loan	41 630 009	39 795 159	<b>81 425 168</b>	14 122 163	75 209 377	<b>89 331 540</b>
Tenth Loan	25 238 868	28 217 051	<b>53 455 919</b>	17 667 379	40 730 195	<b>58 397 574</b>
Eleventh Loan	1 422 567	190 000 000	<b>191 422 567</b>	--	--	--
<b>Total</b>	<b>186 036 901</b>	<b>365 644 529</b>	<b>551 681 430</b>	<b>121 811 239</b>	<b>260 499 719</b>	<b>382 310 958</b>

The sixth loan had been disclosed separately in note 13.1

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

	30 September 2023	31 December 2022
Balance due within 1 year	183 759 404	121 811 239
Accrued interest	2 277 497	--
<b>Total</b>	<b>186 036 901</b>	<b>121 811 239</b>

Borrower	Type of debt	Guaranties	Currency	Tenure	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 185,000,000	EGP/USD	7 years with first instalment in Jan 2016	1% above mid corridor rate of Central Bank of Egypt and 2.5% above the Libor rate 3 months.
Second loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 90,000,000	EGP	7 years with first instalment in April 2017	1 % above lending rate of Central Bank of Egypt.
Third loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 202,234,888	EGP/USD	7 years with first instalment in April 2017	1% above mid corridor rate of Central Bank of Egypt and 4.5% above the Libor rate 1 month.
Fourth loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 220,000,000 and 6,000,000 Euro	EGP/USD	7 years with first instalment in May 2017	0.5% above mid corridor rate of Central Bank of Egypt and average 4% above USD Libor rate 6 months.
Fifth loan	Loan	None	USD	4 years with the first instalment in Sep 2018	3.85% above the USD Libor rate 3 months.
Sixth loan	Loan	None	USD	3 years with the first instalment in May 2021	4% above the USD Libor rate 6 months.
Seventh loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first instalment in Nov 2022	8 %
Eighth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first instalment in June 2022	8 %
Ninth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first instalment in Sep 2023	8 %
Tenth loan	Loan	None	EGP	7 years with first instalment in July 2023	8%
Eleventh Loan	Loan		EGP	7 years with first instalment in March 2024	0.5% above mid corridor rate of Central Bank of Egypt

**(3) Edita for Trade and Distribution**

	30 September 2023			31 December 2022		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
First Loan	36 500 924	16 681 106	53 182 030	36 466 982	50 043 317	86 510 299
	<b>36 500 924</b>	<b>16 681 106</b>	<b>53 182 030</b>	<b>36 466 982</b>	<b>50 043 317</b>	<b>86 510 299</b>

The due current portion is according to the following schedule:

	30 September 2023	31 December 2022
Balance due within 1 year	33 362 212	33 362 211
Accrued interest	3 138 712	3 104 771
	<b>36 500 924</b>	<b>36 466 982</b>

The company obtained a loan from a financial institution based on a cross corporate guarantee issued from Edita Food Industries Company amounted to EGP 155 million. The loan outstanding balance at 30 September amounted to 37 million in addition to accrued interests.

**Terms of payments:**

Digma is obligated to pay the loan on 9 semi-annual instalments amounted to 16 681 106 and the first instalments is due on 27 August 2021 and the last instalments is due on 27 February 2025

**Interest:**

The rate is 1% above Central Bank of Egypt mid corridor rate.

**Fair value:**

Fair value is approximately equal to book value.

**(4) Edita Confectionery Industries Company**

	30 September 2023			31 December 2022		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
First Loan	--	--	--	4 128 333	--	4 128 333
	<b>--</b>	<b>--</b>	<b>--</b>	<b>4 128 333</b>	<b>--</b>	<b>4 128 333</b>

The due current portion is according to the following schedule:

	30 September 2023	31 December 2022
Balance due within 1 year	--	4 000 000
Accrued interest	--	128 333
	<b>--</b>	<b>4 128 333</b>

**(5) Edita Food Industries Morocco:**

	30 September 2023			31 December 2022		
	Current portion	Non-Current Portion	Total	Current Portion	Non-current Portion	Total
First loan	16 069 145	200 973 871	217 043 016	38 827 109	171 345 354	210 172 463
	<b>16 069 145</b>	<b>200 973 871</b>	<b>217 043 016</b>	<b>38 827 109</b>	<b>171 345 354</b>	<b>210 172 463</b>

The due current portion is according to the following schedule:

	30 September 2023	31 December 2022
Balance due within 1 year	15 912 259	38 827 109
Accrued interest	156 886	--
	<b>16 069 145</b>	<b>38 827 109</b>

#### Deferred government grant

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 ,and recognized in the profit or loss over the year necessary to match them with the costs that they are intended to compensate.

The Deferred government grants is according to the following schedule:

	30 September 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Seventh loan	1 934 527	2 851 375	<b>4 785 902</b>	2 281 071	4 057 431	<b>6 338 502</b>
Eighth loan	737 437	859 785	<b>1 597 222</b>	861 078	1 415 991	<b>2 277 069</b>
Ninth loan	498 389	779 296	<b>1 277 685</b>	588 420	1 200 392	<b>1 788 812</b>
Tenth loan	232 229	(60 564)	<b>171 665</b>	380 916	451 951	<b>832 867</b>
	<b>3 402 582</b>	<b>4 429 892</b>	<b>7 832 474</b>	<b>4 111 485</b>	<b>7 125 765</b>	<b>11 237 250</b>

	30 September 2023	31 December 2022
Government Grant – Investment subsidy – Edita	12 420 056	9 786 843
Morocco – Non-Current	<b>12 420 056</b>	<b>9 786 843</b>

#### 14. Provisions

	30 September 2023	31 December 2022
Balance at 1 January	72 714 381	33 978 251
Morocco opening balance	--	91 308
Fancy Foods opening balance	4 555 195	--
Additions during the period / year	25 937 887	39 747 480
Utilized during the period / year	(2 471 499)	(739 577)
Provision no longer required	(7 867 116)	(398 669)
Morocco Translation	304 671	35 588
<b>Ending Balance as of</b>	<b>93 173 519</b>	<b>72 714 381</b>

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

**15. Bank overdraft**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Bank overdraft	696 049 094	501 662 587
<b>Total</b>	<b>696 049 094</b>	<b>501 662 587</b>

Bank overdraft is an integral part of the Group's cash management to finance its working capital. The average interest rate for bank overdraft was 14.42% as of 30 September 2023 (31 December 2022: 8.23%).

**16. Trade and notes payables**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade payables	582 661 454	527 630 461
Fixed assets payables	24 971 046	40 319 469
Notes payable	140 734 607	64 275 968
<b>Total</b>	<b>748 367 107</b>	<b>632 225 898</b>

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

**17. Creditors and other credit balances**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Other credit balances	40 591 553	64 088 844
Accrued expenses	180 544 648	144 284 835
Taxes payable	59 893 972	48 693 231
Social insurance	1 994 855	9 165 163
Dividends payable	1 760 069	1 331 373
Deposits from others	4 309 256	6 081 555
Contract liabilities – accrued customer rebates	4 393 185	15 066 090
Advances from customers	26 138 818	27 928 540
<b>Total</b>	<b>319 626 356</b>	<b>316 639 631</b>

**18. Revenues**

**Increase in Revenues is due to:**

- Price increase of Company's products in Cake, Croissants, and Rusks segments during last year and the period ended 30 September 2023 compared to the same period last year.
- Increase in export sales during the period ended 30 September 2023 impacted by the change in USD exchange rate.

**19. Other expense - Net**

	<b>30 September 2023</b>	<b>30 September 2022</b>
Export subsidies	50 555 320	20 805 217
Gain / Loss from disposal of property plant and Equipment	1 786 770	7 800 408
Income from government grant	3 401 171	3 601 372
Other income	7 719 165	4 872 502
	<b>63 462 426</b>	<b>37 079 499</b>
Other Expenses		
Solidarity contribution	(37 726 817)	(22 766 424)
Training Fund	--	(5 937 500)
	<b>(37 726 817)</b>	<b>(28 703 924)</b>
<b>Net</b>	<b>25 735 609</b>	<b>8 375 575</b>

## 20. 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 period.

	30 September 2023	30 September 2022
Profit attributed to owners of the parent*	1 278 042 075	675 279 079
Employee estimated profit share distribution	(88 260 192)	--
<b>Net profit available after employees' profit share</b>	<b>1 189 781 883</b>	<b>675 279 079</b>
Ordinary shares	723 058 439	723 058 439
Treasury shares (Note 11)	(23 044 783)	(6 152 811)
<b>Weighted average number of ordinary shares in issue</b>	<b>701 980 800</b>	<b>716 905 628</b>
<b>Basic earnings per share</b>	<b>1.69</b>	<b>0.94</b>

### 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 the same as the basic earnings per share.



**EDITA FOOD INDUSTRIES (S.A.E.) AND ITS SUBSIDIARIES**

**Notes to the condensed consolidated interim financial statements**

**For the nine months period ended 30 September 2023**

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

**21. Segment reporting**

Edita operates across Six segments in 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											
(Amounts presented to the nearest thousands EGP)																	
Cake		Croissant		Rusks		Wafer		Candy		Biscuits		Other		Total			
30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30		
September	September	September	September	September	September	September	September	September	September	September	September	September	September	September	September		
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
4 464 273	2 507 679	2 862 067	1 677 649	382 299	275 923	782 470	527 487	204 224	126 770	58 153	32 180	492	22	8 753 978	5 147 710		
1 571 831	857 733	876 773	624 052	108 476	82 657	253 364	180 147	55 048	27 082	10 206	6 897	(8 601)	(80)	2 867 097	1 778 488		
952 641	479 271	442 904	314 984	57 110	37 301	151 372	76 675	26 473	7 449	(3 617)	(37 846)	442 904	314 984	1 615 534	877 756		
Revenue																	
Gross profit																	
Profit from operations																	

Operating profit reconciles to net profit as follows:

	<b>30 September 2023</b>	<b>30 September 2022</b>
<b>Operating profit</b>	<b>1 615 534</b>	<b>877 756</b>
Foreign Exchange Gain/Losses	46 531	1 154
Finance cost	(148 583)	(78 116)
Finance income	162 975	73 398
Fair value gain/(loss) on investments at fair value through profit or loss	--	(22 172)
loss / Gain from joint ventures	--	26 803
Other income/expenses	(8 050)	(1 934)
Income tax	(398 544)	(203 116)
<b>Net profit</b>	<b>1 269 863</b>	<b>673 773</b>

The segment information disclosed in the table above represents the segment information provided to the chief operating decision makers 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, and Candy do not meet the quantitative threshold required by EAS 41 for reportable segments, management has concluded that these segments should be reported as it is closely monitored by the chief operating decision makers as it is expected to materially contribute to the Group revenue in the future.

The chief operating decision makers assesses the performance of the operating segments based on their operating profit.

There were no inter-segment sales made during the period.

Finance income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function which manage the cash position of the group.

## 22. Expenses by nature

	<b>30 September 2023</b>	<b>30 September 2022</b>
Cost of sales	5 886 881 373	3 369 222 347
Distribution cost	735 087 178	591 209 940
Administrative expenses	516 475 711	309 522 003
	<b>7 138 444 262</b>	<b>4 269 954 290</b>
Raw and packaging materials used	5 020 723 992	2 747 629 683
Salaries and wages	794 943 812	553 213 667
Advertising expense	299 818 229	248 428 680
Depreciation and amortization	208 736 106	166 598 601
Employees benefits	122 075 153	94 008 969
Other expenses	208 126 626	102 970 308
Gas, water and electricity	113 340 382	82 472 068
Company share in social insurance	52 441 574	43 224 794
Logistics expense	75 507 613	57 332 812
Transportation expense	53 102 325	48 318 438
Vehicle expense	67 204 374	50 807 263
Maintenance	65 157 751	42 587 221
Consumable materials	57 266 325	32 361 786
<b>Total cost of sales, distribution costs, and administrative expenses</b>	<b>7 138 444 262</b>	<b>4 269 954 290</b>

## 23. Contingent liability

### (1) Edita Food Industries Company

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

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP 273 588 490 as at 30 September 2023, (31 December 2022: EGP 312 623 934).

### (2) Edita for Trade and Distribution

The Company guarantees Edita Food Industries against third parties in borrowing from Egyptian Banks.

The Company had contingent liabilities in respect of letters of guarantee and letters of credit as at 30 September 2023 EGP 1 500 000 (31 December 2022: EGP 1 500 000).

### (3) Edita Confectionary Industries Company

On 30 September 2023, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP 138 048 (31 December 2022: EGP 5 282 085).

## 24. Commitments

Capital commitments.

The Group has capital commitments as of 30 September 2023 of EGP 603 million (31 December 2022: EGP 97 M) in respect of capital expenditure.

## 25. Tax position

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

### Edita Food Industries Company

#### a) Corporate tax

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

#### b) Payroll tax

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

**c) Value added tax**

- The sales tax inspection was performed till 31 December 2019 and tax due was paid.
- Year 2020 We have finalized the tax inspection and settled.
- Years from 2021 till 2022 tax inspection has not been performed.

**d) Stamp duty tax**

- The stamp duty tax inspection was performed till 2020 and all due tax amounts paid.
- The years from 2021 to 2022 tax inspection has not been performed.

**Edita for Trade and Distribution**

**a) Corporate tax**

- The company is subject to the corporate income tax according to tax law No, 91 of 2005 and amendments.
- The tax inspection was performed by the Tax Authority for the year from the Company's inception until year 2017 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- The company hasn't been inspected for the years from 2018 to 2022 and the company submits its tax returns on due dates according to law No. 91 for the year 2005.

**b) Payroll tax**

- The tax inspection was performed until 31 December 2014 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2015 to 2019 the company finalized the tax inspection, and it had been settled and paid.
- As for the years 2020 till 2022 the tax inspection has not been performed and the company is submitting quarterly tax forms on due time to the Tax Authority.

**c) Value added tax**

- The tax inspection was performed until 31 December 2020 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The year from 2021 to 2022 the Company submits its monthly sales VAT return on due date.

**d) Stamp tax**

- The tax inspection was performed for the year from the Company's inception until 31 December 2020 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years from 2021 to 2022 tax inspection has not been performed.

**Edita Confectionary Industries Company**

**a) Corporate tax**

- The Company is subject to the corporate income tax according to tax Law No. 91 of 2005 and adjustments.
- The corporate tax inspection was performed for the years from 2010 to 2016 and the difference was transferred to an internal committee.
- The year 2017 – 2019 the company finalized the finalized the inspection and the file transferred to the internal committee.
- The company hasn't been inspected for the years from 2020 to 2022 and the Company submitted its tax returns to Tax Authority on due dates.

**b) Payroll Tax**

- The payroll tax inspection was performed for the years from 2009 to 2019 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2020 to 2022.

**c) Value added tax**

- The tax inspection was performed for the year from the Company's inception until 2020 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The company hasn't been inspected for the years from 2021 -2022 and the Company submits its monthly VAT tax return on due date.

**d) Stamp Tax**

- The stamp tax inspection was performed from 2009 to 2020 and the tax due was paid to the Tax Authority.
- The Company has not been inspected for the year from 2021 and 2022.

**Edita Frozen Foods Industries Company**

**a) Corporate tax**

- The Company is subject to the corporate income tax according to tax Law No. 91 of 2005 and adjustments.
- The corporate tax inspection was not performed for the years from 2015 to 2023 as the company has a carry forward loss.

**b) Payroll Tax**

- The payroll tax inspection was performed for the years from 2015 to 2021 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year 2022.

**c) Value added tax**

- The company hasn't been inspected for the years from 2015 -2022 and the Company submits its monthly VAT tax return on due date.

**d) Stamp Tax**

- The stamp tax inspection was not performed from 2015 to 2022.

**26. Significant events during the period:**

- On March 28, 2023, the ordinary general assembly of the company's shareholders was held, and it approved the financial statements for the year ended December 31, 2022 and approved the dividends distribution to shareholders of EGP 400 million along with employee dividends amounted to EGP 71.9 Million for Edita Food Industries and its subsidiaries employees.
- The Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting on Thursday, March 30, 2023, to raise the overnight deposit and lending yield and the price of the main operation of the Central Bank by 200 basis points, to reach 18.25, 19.25 and 18.75%, respectively. The credit and discount rate was also raised by 200 basis points to reach my rate 18.75%
- The Board of Directors agreed, in its session on May 29, 2023, the purchase of 100% of "Fancy Foods Company for Food Industries S.A.E.". The deal was closed on June 13, 2023, through registering the sale and transfer of "Fancy Foods Company for Food Industries S.A.E." purchased shares to "Edita Food Industries S.A.E" before the EGX in accordance with the applicable laws and regulations.
- According to Digma (S.A.E) extraordinary general meeting dated 13 February 2023, article no. (2) of the company articulation had been amended where the company name from Digma trading (S.A.E) to Edita for trading and distribution (S.A.E) and it was registered in the commercial register on 22 May 2023.
- The Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting on Thursday, August 3, 2023, to raise the overnight deposit and lending yield and the price of the main operation of the Central Bank by 100 basis points, to reach 19.25, 20.25 and 19.75%, respectively. The credit and discount rate were also raised by 100 basis points to reach 19.75%.

- During the current period the company signed a loan agreement with National Bank of Kuwait with total amount of EGP 200 000 000 to finance/refinance of "Fancy foods S.A.E" CAPEX expenditure. The loan has not been disbursed until the interim financial statement date.
- During the current period the company signed a loan agreement with International Finance Corporation with total amount of USD 45 000 000 to finance the Group's working capital and capital expenditure program in Egypt and Morocco (including for constructing three (3) wastewater treatment plants for factories in Egypt), the Group's expansion plan in Egypt and internationally and the refinancing of up to \$10 million Dollars of the loan provided by IFC to the Co-Borrowers. The loan has not been disbursed until the interim financial statement date.

## **27. Subsequent Events**

- The Board of Directors agreed, in its session on October 10, 2023, to reduce the capital of the Company from EGP 144 611 687 to EGP 140 002 731 by way of write off the treasury shares of the company in total of 23 044 783 share.
- The Board of Directors agreed, in its session held on 10th of October 2023, approved the proposed interim cash dividend of EGP 299 700 000 at EGP 0.428 per share and decided to present it to general assembly for approval in its next meeting.