

EDITA FOOD INDUSTRIES S.A.E.

REVIEW REPORT AND
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
30 September 2022

EDITA FOOD INDUSTRIES S.A.E.

Notes to the Condensed separate interim financial statements - For the nine months period ended 30 September 2022
(In the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

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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 statement of financial position of Edita Food Industries (S.A.E) as of September 30, 2022, and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-months period 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 Standards. Our responsibility is to express a conclusion on these condensed separate interim 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.

The Company's separate interim financial statements for the period ended September 30, 2021 have been reviewed by another auditor who issued his unqualified review report dated November 2, 2021 on the separate interim financial statements for the period ended September 30, 2021.

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 condensed separate financial position of Edita Food Industries (S.A.E) as of September 30, 2022; and of its financial performance and its cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

Cairo, November 14, 2022




EDITA FOOD INDUSTRIES S.A.E.

Condensed Separate interim statement of financial position as of 30 September 2022

	<u>Note</u>	<u>30-Sep-22</u> <u>EGP</u>	<u>31 December 2021</u> <u>EGP</u>
Assets			
Non-current assets			
Property, plant and equipment and projects under constructions	(3)	1 884 868 261	1 793 933 679
Intangible assets		187 343 688	180 713 178
Investments in subsidiaries	(4)	179 774 445	179 774 445
Total non-current assets		2 251 986 394	2 154 421 302
Current assets			
Inventories (net)	(5)	690 354 056	462 742 070
Debtors and other debit balances		203 873 394	160 890 197
Due from related parties		52 306 959	23 891 611
Treasury bills	(6)	753 680 638	714 762 453
Cash and bank balances	(7)	364 239 880	77 776 880
Total current assets		2 064 454 927	1 440 063 211
Total assets		4 316 441 321	3 594 484 513
Equity and liabilities			
Equity			
Issued and Paid-up capital	(8)	144 611 688	144 611 688
Legal reserve	(9)	72 536 290	72 536 290
Retained earnings		2 089 917 504	1 755 460 707
Treasury shares	(8)	(58 891 581)	--
Total equity		2 248 173 901	1 972 608 685
Liabilities			
Non-current liabilities			
Borrowings	(10)	282 494 478	336 325 173
Deferred government grant	(10)	8 126 550	9 897 288
Employee benefit obligations		27 737 850	24 103 494
Deferred tax liabilities, net		188 644 210	170 291 006
Total non-current liabilities		507 003 088	540 616 961
Current liabilities			
Provisions	(11)	21 640 807	20 045 431
Bank overdraft	(12)	357 459 085	385 078 699
Trade and notes Payables		517 255 910	360 629 623
Creditors Other Credit balances		205 360 930	115 182 564
Due to related parties		130 271 811	63 581
Borrowings	(10)	186 818 505	151 524 029
Deferred government grant - Current portion	(10)	4 312 265	4 465 546
Current income tax liabilities		138 145 019	44 269 394
Total current liabilities		1 561 264 332	1 081 258 867
Total liabilities		2 068 267 420	1 621 875 828
Total equity and liabilities		4 316 441 321	3 594 484 513

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


Mr. Sameh Naguib
Vice President - Finance


Eng. Hani Berzi
Chairman

- Review report attached

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of profit or loss
For the nine months ended 30 September 2022

		The nine months period ended		The three months period ended	
	Note	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
		EGP	EGP	EGP	EGP
Revenue		4 201 230 226	3 031 760 601	1 647 496 923	1 146 640 945
Cost of sales		(3 041 397 591)	(2 318 180 418)	(1 193 688 478)	(894 182 441)
Gross profit		1 159 832 635	713 580 183	453 808 445	252 458 504
Other income		34 395 677	32 642 651	18 643 676	7 872 808
Other expenses		(15 603 074)	(7 579 402)	(9 218 741)	(2 866 603)
Distribution cost		(206 760 269)	(177 253 844)	(59 925 808)	(62 459 902)
Administrative expenses		(245 404 524)	(184 554 599)	(93 146 485)	(55 886 474)
Inventory write-down provision	(5)	(2 628 462)	(1 403 277)	(876 154)	(467 759)
Provisions	(11)	(1 632 791)	(1 978 109)	(647 455)	(1 109 954)
Employee benefit obligations provision		(4 500 000)	(1 500 000)	(1 500 000)	--
Interest income		72 790 604	51 321 387	28 263 364	17 976 048
Finance cost		(45 082 526)	(33 631 072)	(13 001 943)	(12 020 707)
Profit for the period before tax		745 407 270	389 643 918	322 398 899	143 495 961
Income tax expense		(170 200 470)	(89 356 884)	(73 438 588)	(32 255 090)
Net profit for the period		575 206 800	300 287 034	248 960 311	111 240 871
Basic earnings per share	(13)	0.80	0.42	0.34	0.15
Diluted earnings per share	(13)	0.80	0.42	0.34	0.15

- The accompanying notes form an integral part of these condensed separate interim financial

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of comprehensive income
For the nine months ended 30 September 2022

	The nine months period		The three months period	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	575 206 800	300 287 034	248 960 311	111 240 871
Other comprehensive Income for the period				
Total comprehensive income for the period	<u>575 206 800</u>	<u>300 287 034</u>	<u>248 960 311</u>	<u>111 240 871</u>

- The accompanying notes form an integral part of these condensed separate interim financial

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of changes in equity
For the nine months ended 30 September 2022

	Note	Share capital EGP	Legal reserve EGP	Treasury shares EGP	Retained earnings EGP	Total EGP
Balance at 1 January 2021		145 072 580	72 536 290	(22 556 296)	1 500 637 889	1 695 690 463
Change of equity in 2021		-	-	-	-	-
Profit for the period		-	-	-	300 287 034	300 287 034
Total comprehensive income for the period		-	-	-	300 287 034	300 287 034
Total shareholders transactions						
Write off treasury shares		(460 892)	-	22 556 296	(22 095 404)	-
Dividends distribution for 2020		-	-	-	(183 050 000)	(183 050 000)
Balance at 30 September 2021		144 611 688	72 536 290	-	1 595 779 519	1 812 927 497
Balance at 1 January 2022		144 611 688	72 536 290	-	1 755 460 707	1 972 608 685
Change of equity in 2022		-	-	-	-	-
Profit for the period		-	-	-	575 206 800	575 206 800
Total comprehensive income for the period		-	-	-	575 206 800	575 206 800
Total Shareholders transactions						
Treasury shares acquired	(8)	-	-	(58 891 581)	-	(58 891 581)
Dividends distribution for 2021		-	-	-	(240 750 000)	(240 750 000)
Balance at 30 September 2022		144 611 688	72 536 290	(58 891 581)	2 089 917 504	2 248 173 901

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

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate interim statement of cash flows
For the nine months ended 30 September 2022

	Notes	30-Sep-22 EGP	30-Sep-21 EGP
Cash flows from operating activities			
Profit for the period before income tax		745 407 270	389 643 918
Adjustments for:			
Provisions		1 632 791	1 978 109
Provision for employee benefit obligation		4 500 000	1 500 000
Interest expenses		49 416 313	33 631 072
Interest income		(72 790 604)	(51 321 387)
Depreciation and amortization		106 234 245	98 240 316
Government grant income		(3 601 372)	(2 808 806)
write-down of slow moving inventory	(5)	2 628 462	1 403 277
Gain on disposal of property, plant and equipment		(7 286 525)	(3 051 824)
Foreign exchange (gain)		(4 333 787)	3 874 965
Operating income before changes in working capital		821 806 793	473 089 640
Changes in working Capital			
Inventories		(229 572 069)	(103 577 696)
Debtors and other receivables		(42 983 197)	(84 426 581)
Due from related parties		(28 415 348)	(1 584 079)
Trade and other payables		246 804 653	103 568 524
Due to related parties		130 208 230	39 297 501
Provision utilized		(37 413)	(2 739 251)
Inventory write-down used	(5)	(668 379)	--
Payment of employee benefits obligation		(865 644)	(1 950 711)
Dividends paid to company's employees		(40 750 000)	(37 038 202)
Cash inflow from operating activities		855 527 626	384 639 145
Interest paid		(43 477 279)	(39 640 704)
Income taxes paid		(42 184 437)	(98 588 812)
Net cash inflow from operating activities		769 865 910	246 409 629
Cash flows from investing activities			
Payment of property, plant and equipment and projects under construction	(3)	(231 712 792)	(134 592 689)
Payment of intangible assets		35 204 173	4 918 206
Proceeds from disposal of property, plant and equipment		72 790 604	41 494 627
Interest received		(1 428 957 504)	(516 076 516)
Payment for purchase of treasury bills		1 380 723 329	287 526 296
Net cash inflow (outflow) from investing activities		(171 952 190)	(316 730 076)
Cash flows from financing activities			
Proceeds from borrowings		55 839 327	99 542 407
Repayment of borrowings		(80 778 852)	(254 985 456)
Payment of dividends		(200 000 000)	(150 000 000)
Payment for purchase of treasury shares		(58 891 581)	--
Net cash outflow from financing activities		(283 831 106)	(305 443 049)
Net Increase in cash and cash equivalents		314 082 614	(375 763 496)
Cash and cash equivalents at beginning of the period		(307 301 819)	237 454 443
Cash and cash equivalents at the end of the period	(7)	6 780 795	(138 309 053)

- The accompanying notes form an integral part of these condensed separate interim financial

1. General information

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

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

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

These Condensed Separate periodic financial statements have been approved by the Chairman on 14 November 2022, and the General Assembly of shareholders has the right to amend the Condensed Separate periodic financial statements after being approved.

2. Accounting policies

The condensed separate periodic financial statements have been prepared following the same accounting policies that were applied and followed when preparing the financial statements for the financial year ending on December 31, 2021.

A. Basis of preparation

The Condensed Separate financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and applicable related laws and regulations. The Condensed Separate financial statements have been prepared under the historical cost convention except for employees' end of services obligations, which is measured by the present value of the obligation.

The preparation of Condensed Separate financial statements in conformity with Egyptian Accounting Standards (EAS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Condensed Separate financial statements.

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.

EDITA FOOD INDUSTRIES S.A.E.

Notes to the Condensed separate Interim financial statements - For the nine months period ended 30 September 2022

(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
Cost								
January 1, 2021	120 908 260	839 196 376	1 133 303 955	44 426 880	157 176 118	79 446 054	157 536 207	2 531 993 850
Transferred from projects under constructions	-	782 430	166 313 061	-	23 716 593	5 907 205	(197 874 873)	(1 155 584)
Additions	-	-	369 549	3 872 074	7 087 721	3 079 793	121 807 707	136 216 844
Disposals	-	-	(66 264)	(5 687 339)	(677 266)	(402 469)	-	(6 833 338)
Cost as of December 31, 2021	120 908 260	839 978 806	1 299 920 301	42 611 615	187 303 166	88 030 583	81 469 041	2 660 221 772
Accumulated depreciation								
January 1, 2021	-	(172 406 611)	(388 237 953)	(22 507 702)	(93 598 033)	(65 610 227)	-	(742 360 526)
Depreciation for the year	-	(33 519 201)	(60 076 215)	(6 710 339)	(21 489 395)	(7 051 664)	-	(128 846 814)
Accumulated depreciation of disposals	-	-	22 113	3 829 917	665 168	402 049	-	4 919 247
As of December 31, 2021	-	(205 925 812)	(448 292 055)	(25 388 124)	(114 422 260)	(72 259 842)	-	(866 288 093)
Net book value as of December 31, 2021	120 908 260	634 052 994	851 628 246	17 223 491	72 880 906	15 770 741	81 469 041	1 793 933 679
Cost as of January 1, 2022	120 908 260	839 978 806	1 299 920 301	42 611 615	187 302 035	86 896 479	81 469 041	2 659 086 537
Transferred from projects under constructions	-	15 642 131	202 457 693	-	14 156 222	4 582 963	(247 542 544)	(10 703 536)
Additions	-	-	1 416 933	11 272 051	10 879 103	5 175 529	202 969 176	231 712 792
Disposals	(14 194 132)	-	(18 262 325)	(4 316 990)	(2 694 068)	(10 568)	(3 507 924)	(42 986 007)
Cost as of September 30, 2022	106 714 128	855 620 937	1 485 532 602	49 566 676	209 643 293	96 644 402	33 387 749	2 837 109 786
Accumulated depreciation								
As of January 1, 2022	-	(205 925 812)	(448 292 055)	(25 388 124)	(114 421 129)	(71 121 697)	-	(865 148 817)
Depreciation for the period	-	(25 134 620)	(46 919 032)	(5 638 939)	(18 813 686)	(5 654 789)	-	(102 161 067)
Accumulated depreciation of disposals	-	-	11 568 483	3 223 280	266 028	10 568	-	15 068 359
As of September 30, 2022	-	(231 060 432)	(483 642 604)	(27 803 783)	(132 968 787)	(76 765 918)	-	(952 241 525)
Net book value as of September 30, 2022	106 714 128	624 560 504	1 001 889 998	21 762 893	76 674 505	19 878 484	33 387 749	1 884 868 261

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

	30 September 2022	31 December 2021
Charged to cost of sales	89 478 207	112 458 821
Charged to administrative expenses	12 480 421	16 073 619
Charged to distribution costs	202 439	314 374
	102 161 067	128 846 814

The project under construction represents the following Categories:

	30 September 2022	31 December 2021
Buildings	3 094 253	7 906 544
Machinery and equipment	19 137 222	53 525 582
Tools and equipment	11 156 274	14 124 258
Technical and other installations	--	5 912 657
	33 387 749	81 469 041

* The Finance costs capitalized for the period ended September 30, 2022, is 2 000 520 (31 December 2021: 296 404)

Cash flow statement

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

	30 September 2022	31 December 2021
Net book value of the assets disposed	27 917 648	1 914 091
Losses / gain on sale of property, plant, and equipment	7 286 525	3 004 115
	35 204 173	4 918 206

4. Investments in subsidiaries

	Country of Incorporation	% Interest held	30 September 2022	31 December 2021
Digma for Trading Company	Egypt	99.80%	44 939 639	44 939 639
Edita Confectionary Industries*	Egypt	99.98%	134 820 782	134 820 782
Edita Participation Ltd.	Cyprus	100%	14 024	14 024
Balance at			179 774 445	179 774 445

5. Inventories (net)

	<u>30 September 2022</u>	<u>31 December 2021</u>
Raw and packaging materials	593 077 179	396 817 986
Spare parts	33 370 975	32 291 561
Work in process	23 273 880	18 758 526
Consumables	9 785 076	5 744 987
Finished goods	36 544 608	12 866 589
Total	696 051 718	466 479 649
Less: write-down for slow moving and obsolete inventory	(5 697 662)	(3 737 579)
Net	690 354 056	462 742 070

Write-down for slow moving and obsolete inventory

	<u>30 September 2022</u>	<u>31 December 2021</u>
Balance on 1 January	3 737 579	2 425 868
Charged during the period / year	2 628 462	1 871 037
Utilized during the period / year	(668 379)	(559 326)
Ending Balance as of the period / year	5 697 662	3 737 579

6. Treasury bills

	<u>30 September 2022</u>	<u>31 December 2021</u>
<u>Treasury bills par value</u>		
91 Days maturity	675 000 000	177 650 000
250- 364 Days maturity	100 000 000	572 400 000
	775 000 000	750 050 000
Unearned interest	(21 319 362)	(35 287 547)
Treasury bills balance	753 680 638	714 762 453

The average effective interest rate related to treasury bills is 13%.

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.

7. Cash and banks balances

	<u>30 September 2022</u>	<u>31 December 2021</u>
Cash on hand	5 029 778	965 314
Cash at banks	86 083 002	1 021 726
Time Deposits	273 127 100	75 789 840
Cash and bank balances	364 239 880	77 776 880

The average rate on time deposit is 1% with a maturity of less than three months.

For the purpose of the preparation of the Condensed Separate cash flow statements, periodical cash and cash equivalents consist of:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Cash and bank balances	364 239 880	77 776 880
Bank overdraft (Note 12)	(357 459 085)	(385 078 699)
Total	<u>6 780 795</u>	<u>(307 301 819)</u>

Non-cash Investing and Finance Activities

- Transfer to Property, plant, and equipment from projects under construction (Refer note 3)
- Purchase of fixed assets on credit

8. Issued and paid-up capital

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

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

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

Then the Issued and paid-up capital amounted to EGP 144 611 688 (par value EGP 0.2 per share)

Treasury shares

According to Board of Director resolution on 5 April 2020, the group purchased 2 304 461 shares from the stock market and held in treasury for a total consideration of EGP 22 556 296, the consideration paid has been accounted for as a reserve in the statement of shareholders' Equity.

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

According to Board of Director resolution on August 2, 2022, the group purchased 6 152 811 shares from the stock market and held in treasury for a total consideration of EGP 58 891 581 the consideration paid has been accounted for as a reserve in the statement of shareholders' Equity.

9. Legal reserve

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

10. Borrowings

	30 September 2022			31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
First loan	--	--	--	9 221 688	-	9 221 688
Second loan	8 034 050	--	8 034 050	16 044 582	-	16 044 582
Third loan	40 000 000	20 000 000	60 000 000	40 050 000	60 000 000	100 050 000
Fourth loan	72 029 274	--	72 029 274	63 602 811	25 216 000	88 818 811
Fifth loan	25 809 838	60 940 773	86 750 611	9 567 069	78 616 366	88 183 435
Sixth loan	10 957 168	55 241 121	66 198 289	12 935 925	57 904 510	70 840 435
Seventh loan	13 025 970	64 523 396	77 549 366	75 198	61 763 341	61 838 539
Eighth Loan	16 962 205	81 789 188	98 751 393	26 756	52 824 956	52 851 712
Total	186 818 505	282 494 478	469 312 983	151 524 029	336 325 173	487 849 202

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

	30 September 2022	31 December 2021
Balance due within 1 year	185 120 767	150 333 992
Accrued interest	1 697 738	1 190 037
Total	186 818 505	151 524 029

Borrower	Type of debt	Guaranties	Currency	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 90,000,000	EGP	1 % above lending rate of Central Bank of Egypt.
Second loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 202,234,888	EGP/USD	1% above mid corridor rate of Central Bank of Egypt and 4.5% above the Libor rate 1 month.
Third loan	Loan	None	USD	3.85% above the USD Libor rate 3 months.
Fourth loan	Loan	None	USD	4% above the USD Libor rate - 6 months.
Fifth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Sixth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Seventh Loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8%
Eighth	Loan	None	EGP	8%

Deferred government grant

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

The Deferred government grants is according to the following schedule:

	30 September 2022			31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Fifth loan	2 395 183	4 496 077	6 891 260	2 517 521	4 931 993	7 449 514
Sixth loan	910 358	1 615 867	2 526 225	1 055 416	2 277 069	3 332 485
Seventh loan	606 906	1 346 230	1 953 136	497 621	1 476 828	1 974 449
Eighth loan	399 818	668 376	1 068 194	394 988	1 211 398	1 606 386
	4 312 265	8 126 550	12 438 815	4 465 546	9 897 288	14 362 834

11. Provisions

	30 September 2022	31 December 2021
Balance on 1 January	20 045 431	25 408 958
Charged during the period /year	1 813 527	4 850 374
Utilized during the period / year	(37 413)	(10 155 266)
No longer required	(180 738)	(58 635)
Ending Balance as of	21 640 807	20 045 431

Provisions related to claims expected to be made by a third party in connection with the Company's operations. These provisions are reviewed by management every year and the amount provided is adjusted based on latest development, discussions, and agreements with the third party.

12. Bank overdrafts

	30 September 2022	31 December 2021
Bank overdraft	357 459 085	385 078 699
Total	357 459 085	385 078 699

Bank overdraft is an integral part of the Company's cash management to finance its working capital. The average interest rate for bank overdraft was 8.05% as of 30 September 2022 (31 December 2021: 8.05 %).

13. Earnings per share**Basic**

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

Since there is no proposed distribution account, the net profit of the shareholders has been determined on the basis of the net profit for the period/year without deducting the employees' share and board members' remuneration in the dividends.

	30 September 2022	30 September 2021
Profit for the period	575 206 800	300 287 034
Weighted average number of ordinary shares in issue		
Ordinary shares	723 058 440	723 058 440
Treasury shares	(6 152 811)	—
	716 905 629	723 058 440
Basic earnings per share	0.80	0.42

Diluted

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

Notes to the Condensed separate interim financial statements - For the nine months period ended 30 September 2022
(in the notes all amounts are shown in Egyptian Pounds unless otherwise stated)

The Company operates across four segments in Egyptian snack food market offering eight distinct brands:

Operating profit reconciles to net profit as follows:

-15-

Segment reporting (continued)

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

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

15. Contingent liabilities

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

16. Tax position

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

a) Corporate tax

- The company is tax exempted for a period of 10 years ended 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the Company's inception till 31 December 2012 and all due tax amounts paid.
- For the years 2013-2016; the Company finalized the tax inspection, and all due tax amounts paid.
- For the years 2017 – 2021 the Company submitted the tax return according to law No. 91 of 2005 in its legal period and has not been inspected yet.

b) Payroll tax

- The payroll tax inspection was performed till 31 December 2019 and the Company paid tax due.
- As for the years 2020 till 2021 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 VAT tax inspection was performed till 31 December 2019 and tax due was paid.
- Years from 2020 till 2021 tax inspection has not been performed.
- The company submits the monthly returns according to Law 67 of 2016 and its regulations.

d) Stamp duty tax

- The stamp duty tax inspection was performed till 2019 and the difference was paid by the company
- Years from 2020 till 2021 tax inspection has not been performed.

17. Subsequent events

- On April 27, 2022, the Prime Minister issued the Ministerial decree No. (1568) for the year 2022 to amend some provisions of the Egyptian Accounting Standards by adding Annex (B) to the Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates".

This annex aims to setting a special accounting treatment for the implications resulted from the Exceptional Economic Decision pertaining to the movement of the foreign currencies exchange rates through setting a temporary additional option to paragraph (28) of the Egyptian Accounting Standard No (13) – "The Effects of Changes in Foreign Exchange Rates" which requires the recognition of the foreign exchange difference in the statement of profit or loss for the period in which they incur. Alternatively, an entity that has outstanding liabilities in foreign currency on the date of the movement of the exchange rates that are related to property plant and equipment, investment property, intangible assets (other than goodwill) or mining assets to revalue its related liabilities during the period from the beginning of January 2020 until the date of the movement of the exchange rate, and recognize the foreign exchange differences resulted from the revaluation of related liabilities at the date of movement of the exchange rates as a part of the acquisition costs. Also, this treatment permits an entity to recognize foreign exchange gain or loss resulting from the revaluation of the monetary balances in foreign currencies that are outstanding on the movement date of the exchange rates to be recognized in the other comprehensive income in accordance with paragraph 9 of the annex.

- On April 14, 2022, the ordinary general assembly of the company's shareholders was held, and it approved the financial statements for the year ended December 31, 2021 and approved the dividends distribution of EGP 0.277 per share.
- The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on Thursday, May 19, 2022, to raise the overnight deposit and lending rates and the central bank's main operation rate by 200 basis points to reach 11.25%, 12.25% and 11.75%, respectively. The credit and discount rate was also raised by 200 basis points to 11.75%.
- In order to support the price stability on the medium term, the Monetary Policy Committee decided at its extraordinary meeting on October 27, 2022 to raise the overnight deposit and lending rates and the central bank's main operation rate by 200 basis points to reach 13.25%, 14.25% and 13.75 %, Respectively. The credit and discount rate was also raised by 200 basis points to 13.75%.