

EDITA FOOD INDUSTRIES S.A.E.

**REVIEW REPORT AND
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2023**

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Review Report

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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 June 30, 2023, and the related condensed separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the Six-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

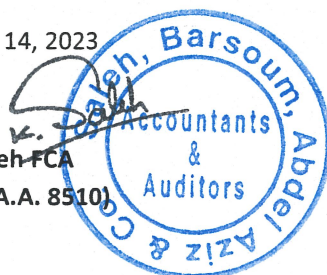
We conducted our review in accordance with the Egyptian Standards on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed separate financial statements consists of making inquiries, primarily of persons responsible 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 June 30, 2023; and of its financial performance and its cash flows for the Six-months then ended in accordance with Egyptian Accounting Standard No. 30 "Interim Financial Reporting".

Cairo, August 14, 2023

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



EDITA FOOD INDUSTRIES S.A.E.

Condensed Separate Interim statement of financial position as of 30 June 2023

	Note	30 June 2023	31 December 2022
		<u>EGP</u>	<u>EGP</u>
Assets			
Non-current assets			
Property, plant and equipment and projects under constructions	(3)	1 888 123 085	1 872 216 344
Intangible assets		182 169 297	185 533 682
Investments in subsidiaries	(4)	305 601 249	184 674 445
Total non-current assets		2 375 893 631	2 242 424 471
Current assets			
Inventories (net)	(5)	1 119 177 229	804 189 765
Debtors and other debit balances		386 561 520	330 175 733
Due from related parties		429 422 064	109 337 659
Treasury bills	(6)	860 439 291	894 641 441
Cash and bank balances	(7)	294 726 704	243 188 704
Total current assets		3 090 326 808	2 381 533 302
Total assets		5 466 220 439	4 623 957 773
Equity and liabilities			
Equity			
Issued and Paid-up capital	(8)	144 611 688	144 611 688
Legal reserve	(9)	72 536 290	72 536 290
Treasury Shares	(8)	(266 012 536)	(160 827 557)
Retained earnings		2 588 519 482	2 392 289 206
Total equity		2 539 654 924	2 448 609 627
Liabilities			
Non-current liabilities			
Borrowings	(10)	221 955 780	260 499 719
Deferred government grant	(10)	5 291 467	7 125 765
Employee benefit obligations		34 573 630	33 396 656
Deferred tax liabilities, net		184 945 771	186 357 278
Total non-current liabilities		446 766 648	487 379 418
Current liabilities			
Provisions	(11)	61 834 527	51 420 223
Bank overdraft	(12)	939 197 000	486 688 869
Trade and notes payables		626 569 315	548 223 717
Creditors Other Credit balances	(13)	239 985 129	176 173 966
Due to related parties		283 026 314	103 830 983
Borrowings	(10)	177 676 772	161 934 467
Deferred government grant - Current portion	(10)	3 643 079	4 111 485
Current income tax liabilities		147 866 731	155 585 018
Total current liabilities		2 479 798 867	1 687 968 728
Total liabilities		2 926 565 515	2 175 348 146
Total equity and liabilities		5 466 220 439	4 623 957 773

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


Mr. Sameh Naguib
Vice President - Finance


Eng. Hani Berzi
Chairman

- Review report attached

EDITA FOOD INDUSTRIES S.A.E.
Condensed Separate Interim statement of profit or loss
For the six months ended 30 June 2023

	Note	The six months period ended		The Three months period ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		EGP	EGP	EGP	EGP
Revenue	(15)	4 517 313 734	2 553 733 303	2 274 745 889	1 261 819 062
Cost of sales	(17)	<u>(3 360 752 131)</u>	<u>(1 847 709 113)</u>	<u>(1 689 736 504)</u>	<u>(932 127 770)</u>
Gross profit		1 156 561 603	706 024 190	585 009 385	329 691 292
Other income - Net	(16)	41 952 709	9 367 668	45 338 879	9 971 241
Distribution cost	(17)	(161 210 479)	(146 834 461)	(81 755 900)	(54 812 160)
Administrative expenses	(17)	(269 544 420)	(152 258 039)	(142 885 416)	(86 989 897)
Inventory write-down provision	(5)	(1 890 000)	(1 752 308)	(945 000)	(876 154)
Provisions	(11)	(10 487 981)	(985 336)	(5 226 703)	(441 493)
Employee benefit obligations provision		(4 260 764)	(3 000 000)	(2 250 000)	(1 500 000)
Interest income		107 421 891	44 527 240	54 446 778	21 187 718
Foreign Exchange Gain/(Loss)		32 493 964	7 845	(8 197 818)	4 577 394
Finance cost		<u>(50 577 378)</u>	<u>(32 088 428)</u>	<u>(26 747 733)</u>	<u>(18 047 106)</u>
Profit for the period before tax		840 459 145	423 008 371	416 786 472	202 760 835
Income tax expense		<u>(191 528 869)</u>	<u>(96 761 882)</u>	<u>(95 035 219)</u>	<u>(46 242 273)</u>
Net profit for the period		<u>648 930 276</u>	<u>326 246 489</u>	<u>321 751 253</u>	<u>156 518 562</u>
Basic earnings per share	(14)	<u>0.93</u>	<u>0.45</u>	<u>0.46</u>	<u>0.22</u>
Diluted earnings per share	(14)	<u>0.93</u>	<u>0.45</u>	<u>0.46</u>	<u>0.22</u>

- 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 comprehensive income

For the six months ended 30 June 2023

	The six months period ended		The Three months period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	648 930 276	326 246 489	321 751 253	156 518 562
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>648 930 276</u>	<u>326 246 489</u>	<u>321 751 253</u>	<u>156 518 562</u>

- 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 changes in equity
For the six months ended 30 June 2023

<u>Note</u>	<u>Share capital</u> <u>EGP</u>	<u>Legal reserve</u> <u>EGP</u>	<u>Treasury shares</u> <u>EGP</u>	<u>Retained earnings</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
Balance at 1 January 2022	144 611 688	72 536 290		1 755 460 707	1 972 608 685
Change of equity in 2022					
Profit for the period	-	-	-	326 246 489	326 246 489
Total comprehensive income for the period	-	-	-	326 246 489	326 246 489
Total shareholders transactions					
Dividends distribution for 2021	-	-	-	(240 750 000)	(240 750 000)
Balance at 30 June 2022	<u>144 611 688</u>	<u>72 536 290</u>	<u>-</u>	<u>1 840 957 196</u>	<u>2 058 105 174</u>
Balance at 1 January 2023	144 611 688	72 536 290	(160 827 557)	2 392 289 206	2 448 609 627
Change of equity in 2023					
Profit for the period	-	-	-	648 930 276	648 930 276
Total comprehensive income for the period	-	-	-	648 930 276	648 930 276
Total Shareholders transactions					
Acquisition of Treasury Shares	-	-	(105 184 979)	-	(105 184 979)
Dividends distribution for 2022	-	-	-	(452 700 000)	(452 700 000)
Balance at 30 June 2023	<u>144 611 688</u>	<u>72 536 290</u>	<u>(266 012 536)</u>	<u>2 588 519 482</u>	<u>2 539 654 924</u>

- 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 six months ended 30 June 2023

	Notes	30 June 2023	30 June 2022
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		840 459 145	423 008 371
Adjustments for:			
Provisions	(11)	10 487 981	985 336
Provision for employee benefit obligation		4 260 764	3 000 000
Interest expenses		50 577 378	32 088 428
Interest income		(107 421 891)	(44 527 240)
Depreciation of Fixed Assets	(3)	75 326 692	69 252 387
Amortization of intangible assets		3 620 010	
Government grant income		(2 299 099)	(2 385 232)
write-down of slow moving inventory	(5)	1 890 000	1 752 308
Gain on disposal of property, plant and equipment	(3)	(834 586)	(7 135 225)
Foreign exchange (gain)		(32 493 964)	(7 845)
Operating income before changes in working capital		<u>843 572 430</u>	<u>476 031 288</u>
<u>Changes in working Capital</u>			
Inventories		(316 616 595)	(86 648 710)
Debtors and other receivables		(56 385 787)	(84 042 769)
Due from related parties		(183 804 333)	(21 610 145)
Trade and other payables*		157 890 655	48 368 575
Due to related parties		179 195 331	93 038 655
Provision utilized	(11)	(73 677)	(149 983)
Inventory write-down used	(5)	(260 869)	(183 458)
Payment of employee benefits obligation		(3 083 790)	(143 719)
Dividends paid to company's employees		(51 540 872)	(40 750 000)
Cash inflow from operating activities		<u>568 892 493</u>	<u>383 909 734</u>
Interest paid		(23 814 349)	(30 407 693)
Income taxes paid		(182 587 915)	(42 184 437)
Net cash inflow from operating activities		<u>362 490 229</u>	<u>311 317 604</u>
<u>Cash flows from investing activities</u>			
Payment of property, plant and equipment and projects under construction	(3)	(106 983 818)	(79 328 495)
Payment of intangible assets		(255 625)	(10 398 770)
Proceeds from disposal of property, plant and equipment	(3)	851 077	17 174 028
Interest received		99 283 971	44 527 240
Payment for purchase of treasury bills		(3 198 494 113)	(458 115 530)
Proceeds from treasury bills		3 240 834 183	490 050 000
Payment for acquisition of new subsidiary**		(257 206 876)	-
Net cash inflow (outflow) from investing activities		<u>(221 971 201)</u>	<u>3 908 473</u>
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		50 475 549	50 200 633
Repayment of borrowings		(86 779 729)	(54 009 585)
Acquisition of Treasury Shares		(105 184 979)	-
Payment of dividends		(400 000 000)	(200 000 000)
Net cash outflow from financing activities		<u>(541 489 159)</u>	<u>(203 808 952)</u>
Net increase in cash and cash equivalents		<u>(400 970 131)</u>	<u>111 417 125</u>
Cash and cash equivalents at beginning of the period		(243 500 165)	(307 301 819)
Cash and cash equivalents at the end of the period	(7)	<u>(644 470 296)</u>	<u>(195 884 694)</u>

* The effect of non-cash transaction of purchase of property, plant, and equipment amounted to EGP 15 733 894 had been eliminated as non cash transaction against the related increase in Trade and other payables.

** Payments for acquisition of new subsidiary includes EGP 136 280 072 represent the debt assignment from the old shareholders.

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

1. General information

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

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

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

These condensed separate interim financial statements have been approved by the Chairman on 14 August 2023, and the General Assembly of shareholders has the right to amend the condensed separate interim financial statements after being approved.

2. Accounting policies

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

A. Basis of preparation

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

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

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

3. Property, plant and equipment and projects under constructions

	Land		Buildings		Machinery and Equipment		Vehicles		Tools & Equipment		Furniture and Office Equipment		Projects under construction		Total	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost																
January 1, 2022	120 908 260	839 978 806	1 299 920 301	42 611 615	187 303 166	88 030 583	81 469 041	2 660 221 772								
Transferred from projects under constructions	-	19 923 043	2 18 817 458	-	25 047 275	4 582 963	(279 074 273)	(10 703 534)								
Additions	-	-	2 124 681	12 772 051	15 262 647	6 678 445	228 469 452	265 307 276								
Disposals	(14,194,133)	(827,195)	(18,262,325)	(7,333,298)	(2,824,973)	(54,213)	(11,424,715)	(54,920,852)								
Cost as of December 31, 2022	106 714 127	859 074 654	1 502 600 115	48 050 368	224 788 115	99 237 778	19 439 505	2 859 904 662								
Accumulated depreciation																
January 1, 2022	-	(205 925 812)	(448 292 055)	(25 388 124)	(114 422 260)	(72 259 842)	-	(866 288 093)								
Depreciation for the year	-	(33 622 393)	(64 576 469)	(7 694 308)	(25 776 671)	(7 922 210)	-	(139 592 051)								
Accumulated depreciation of disposals	-	143,380	11 568 483	6 022 288	403 462	54 213	-	18 191 826								
As of December 31, 2022	-	(239 404 825)	(501 300 041)	(27 060 144)	(139 795 469)	(80 127 839)	-	(987 688 318)								
Net book value as of December 31, 2022	106 714 127	619 669 829	1 001 300 074	20 990 224	84 992 646	19 109 939	19 439 505	1 872 216 344								
Cost as of January 1, 2023	106 714 127	859 074 654	1 502 600 115	48 050 368	224 788 115	99 237 778	19 439 505	2 859 904 662								
Transferred from projects under constructions	-	-	-	-	1 684 435	-	(1 684 435)	-								
Additions	-	-	4 441 234	14 199 970	4 008 627	2 009 802	66 590 291	91 249 924								
Disposals	-	-	-	(1 454 500)	-	(362 069)	-	(1 816 569)								
Cost as of June 30, 2023	106 714 127	859 074 654	1 507 041 349	60 795 838	230 481 177	100 885 511	84 345 361	2 949 338 017								
Accumulated depreciation																
As of January 1, 2023	-	(239 404 825)	(501 300 041)	(27 060 144)	(139 795 469)	(80 127 839)	-	(987 688 318)								
Depreciation for the period	-	(17 045 348)	(35 701 584)	(4 524 860)	(13 976 351)	(4 078 549)	-	(75 326 692)								
Accumulated depreciation of disposals	-	-	-	1 438 009	-	362 069	-	1 800 078								
As of June 30, 2023	-	(256 450 173)	(537 001 625)	(30 146 995)	(153 771 820)	(83 844 319)	-	(1 061 214 932)								
Net book value as of June 30, 2023	106 714 127	602 624 481	970 039 724	30 648 843	76 709 357	17 041 192	84 345 361	1 888 123 085								

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Charged to cost of sales	66 007 006	122 125 045
Charged to administrative expenses	9 095 972	17 197 004
Charged to distribution costs	223 714	270 002
	<u>75 326 692</u>	<u>139 592 051</u>

The project under construction represents the following Categories:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Buildings	12 260 729	332 421
Machinery and equipment	53 054 917	11 311 744
Tools and equipment	7 998 170	5 211 025
Technical and other installations	11 031 545	2 584 315
	<u>84 345 361</u>	<u>19 439 505</u>

Cash flow statement

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Net book value of the assets disposed	16 491	10 038 803
Losses / gain on sale of property, plant and equipment	834 586	7 135 225
	<u>851 077</u>	<u>17 174 028</u>

4. Investments in subsidiaries

	<u>Country of Incorporation</u>	<u>% Interest held</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Digma for Trading Company	Egypt	99.80%	44 939 639	44 939 639
Edita Confectionary Industries*	Egypt	99.98%	134 820 782	134 820 782
Edita Participation Ltd.	Cyprus	100%	14 024	14 024
Edita Holding for Investments**	Egypt	98%	4 900 000	4 900 000
Edita Frozen Foods ***	Egypt	99.99%	120 926 804	--
Balance at			<u>305 601 249</u>	<u>184 674 445</u>

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

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

***On 29 May 2023, the company signed a Sell Purchase agreement with Fancy Foods S.A.E Shareholders for the acquisition of 2 000 000 shares (100%) which is their total ownership in Fancy Foods S.A.E for a total purchase price of EGP 120 926 804. The deal was Closed on 13 June 2023.

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Charged to cost of sales	66 007 006	122 125 045
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7. Cash and banks balances

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash on hand	2 662 826	987 723
Cash at banks	71 462 885	25 788 736
Time Deposits	<u>220 600 993</u>	<u>216 412 245</u>
Cash and bank balances	<u>294 726 704</u>	<u>243 188 704</u>

The average rate on time deposit is 5% with a maturity of less than three months.

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Cash and bank balances	294 726 704	215 660 336
Bank overdraft (Note 12)	<u>(939 197 000)</u>	<u>(411 545 030)</u>
Total	<u>(644 470 296)</u>	<u>(195 884 694)</u>

8. Issued and paid-up capital

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

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 and the difference between the par value to be EGP 144 611 688 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 160 826 557, 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.

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 June 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
First loan	--	--	--	--	--	--
Second loan	--	--	--	--	--	--
Third loan	--	--	--	--	--	--
Fourth loan	40 658 333	--	40 658 333	40 000 000	20 000 000	60 000 000
Fifth loan	--	--	--	--	--	--
Sixth loan	--	--	--	40 123 228	--	40 123 228
Seventh loan	45 115 571	22 362 745	67 478 316	34 762 943	40 702 977	75 465 920
Eighth Loan	40 647 022	106 903 237	147 550 259	15 258 754	83 857 170	99 115 924
Ninth Loan	33 130 013	58 785 179	91 915 192	14 122 163	75 209 377	89 331 540
Tenth Loan	18 125 833	33 904 619	52 030 452	17 667 379	40 730 195	58 397 574
Total	177 676 772	221 955 780	399 632 552	161 934 467	260 499 719	422 434 186

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

	30 June 2023	31 December 2022
Balance due within 1 year	176 882 485	161 443 239
Accrued interest	794 287	491 228
Total	177 676 772	161 934 467

EDITA FOOD INDUSTRIES S.A.E.

Notes to the condensed separate interim financial statements - For the six months period ended 30 June 2023

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

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

Deferred government grant

The Company obtained loan facilities 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 June 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Seventh loan	2 050 438	3 254 029	5 304 467	2 281 071	4 057 431	6 338 502
Eighth loan	778 570	1 029 911	1 808 481	861 078	1 415 991	2 227 069
Ninth loan	532 105	911 717	1 443 822	588 420	1 200 392	1 788 812
Tenth loan	281 966	95 810	377 776	380 916	451 951	832 867
	3 643 079	5 291 467	8 934 546	4 111 485	7 125 765	11 237 250

11. Provisions

	<u>30 June 2023</u>	<u>31 December 2022</u>
Balance on 1 January	51 420 223	20 045 431
Charged during the period /year	10 487 981	31 792 963
Utilized during the period / year	(73 677)	(390 434)
No longer required	--	(207 737)
Ending Balance as of	<u>61 834 527</u>	<u>51 240 223</u>

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

12. Bank overdrafts

	<u>30 June 2023</u>	<u>31 December 2022</u>
Bank overdraft	939 197 000	486 688 869
Total	<u>939 197 000</u>	<u>486 688 869</u>

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 11.26% as of 30 June 2023 (31 December 2022: 8.23 %). During the current period the company signed an overdraft agreement with National Bank of Kuwait to finance 100% from "Fancy foods S.A.E" acquisition transaction and financing company OPEX.

13. Creditors and other credit balances

Increase in Creditors and other credit balances is due to the increase in the accrued outstanding balance of advertising and marketing expense as of 30 June 2023 compared to accrued outstanding balances as of 31 December 2022.

14. Earnings per share

Basic

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Profit for the period	648 930 276	326 246 489
Weighted average number of ordinary shares in issue		
Ordinary shares	723 058 440	723 058 440
Treasury Shares	(23 044 783)	--
	<u>700 013 657</u>	<u>723 058 440</u>
Basic earnings per share	<u>0.93</u>	<u>0.45</u>

Diluted

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

15. Sales Revenues

Increase in sales is due to:

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

16. Other income – Net

	<u>30 June 2023</u>	<u>30 June 2022</u>
Export subsidies	48 112 488	4 496 906
Gain on disposal of property, plant, and equipment	834 586	7 135 225
Other income	1 999 819	1 734 638
Income from Government grant	2 299 100	2 385 232
Solidarity contribution	(11 293 284)	(6 384 333)
Total	<u>41 952 709</u>	<u>9 367 668</u>

17. Expenses by nature

	<u>30 June 2023</u>	<u>30 June 2022</u>
Cost of sales	3 360 752 131	1 847 709 113
Distribution cost	161 210 479	146 834 461
Administrative expenses	269 544 420	152 258 039
	<u>3 791 507 030</u>	<u>2 146 801 613</u>
Raw and packaging materials used	2 882 803 399	1 483 393 037
Salaries and wages	321 845 286	227 371 214
Advertising expense	145 694 181	137 466 937
Depreciation and Amortization	78 946 703	69 252 387
Miscellaneous and other expense	126 638 957	52 019 524
Fuel, oil, water and electricity	64 452 151	47 169 873
Employees benefits	55 334 878	40 468 629
Company's share in social insurance	18 230 812	17 673 746
Transportation expense	28 979 530	28 416 183
Maintenance	35 442 277	23 088 613
Consumables	30 322 850	17 854 091
Vehicle expense	2 816 006	2 627 379
Total cost of sales, distribution costs, and administrative expenses	<u>3 791 507 030</u>	<u>2 146 801 613</u>

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.

19. Contingent liabilities

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

The banks have issued letters of credit and guarantee in favor of Edita Foods Industries amounted to EGP 384 685 779 (31 December 2022: EGP 312 623 934).

20. Commitments

Capital commitments

The Company has capital commitments as of 30 June 2023 of EGP 334 M (31 December 2022: EGP 74 M) in respect of the capital expenditure.

21. 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 condensed interim financial statements date.

a) Corporate tax

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

b) Payroll tax

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

c) VAT & Sales tax

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

d) Stamp duty tax

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

22. 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 and employee dividend distribution of EGP 52.7 million.
- The Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting on Thursday, March 30, 2023, to raise the overnight deposit and lending yield and the price of the main operation of the Central Bank by 200 basis points, to reach 18.25, 19.25 and 18.75%, respectively. The credit and discount rate were 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.", with a total purchase price of EGP 120 926 903. 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 (Note 4).

23. Subsequent events:

- 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 my rate 19.75%.