

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

Consolidated Financial Statements
Prepared in accordance with IFRS
For the year ended December 31, 2021

EDITA Food Industries (S.A.E.) and its Subsidiaries
Consolidated financial statements
For the year ended December 31, 2021

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Independent Auditor's Report

To the Shareholders of Edita Food Industries (S.A.E.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Edita Food Industries Company (S.A.E.) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Independent Auditor's Report

To the Shareholders of Edita Food Industries (S.A.E.) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

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

i. Valuation of trademark intangible assets which have indefinite useful lives

The Group's consolidated statement of financial position includes intangible assets amounting to EGP 162.9 million as at December 31, 2021 representing purchased trademarks and know-how on certain of its branded products (see Note 9 to the consolidated financial statements).

Under the Group's accounting policy, trademarks and know-how are assessed to have indefinite useful lives because the related licenses are perpetual, irrevocable and exclusive. They include the trademark in the territory in connection with specific cake product brands. Under IFRS, when intangible assets are assumed to have indefinite useful lives, and no amortisation is charged, it is required to perform an annual test to assess whether the carrying value of these intangible assets has been impaired. Management have not identified any decline in the value in the trademarks concerned and have assessed that no impairment loss is required to be charged.

The impairment test is based on management's view of the future cash flows to be generated from the concerned brands.

The most significant judgments within that analysis relate to the discount rate applied together with the assumptions supporting the underlying forecast cash flows, in particular the terminal growth rate and the forecast combined operating ratios in the projection period and investment return assumptions.

We focused on the carrying values of these intangible assets because of the amount of inherent uncertainty involved in estimating future product cash flows and also because of the potentially significant impact on the Group's reported income, its earnings per share and its asset carrying values as a result of relatively small changes in the underlying assumptions.

Our Procedures in relation to management's impairment review of its intangible assets included:

- We evaluated the design and implementation of relevant controls over the impairment assessment process comprising of identification of impairment indicators and estimation of recoverable amounts.
- We obtained the Group's valuation analysis which is derived from the Board approved business plan, and discussed the critical assumptions. The discussion focused on the assumptions used to estimate future cash flows from the latest Board approved budget of the concerned brands, discount rate and terminal growth rate applied. We confirmed that the key assumptions had been subject to oversight from the Directors.
- With the assistance of our internal valuations experts, we tested the assumptions and methodologies used, in particular those relating to the discount rate and growth rates. To do this:
 - We evaluated these assumptions with reference to those applied to valuations of similar entities.
 - We compared the key assumptions to externally derived data where possible, including market expectations of investment return, projected economic growth and interest rates.
 - We applied sensitivities in evaluating management's assessment of the planned growth rate in cash flows and combined operating ratios.
 - We tested the calculations within the valuation model for mathematical accuracy and considered the sensitivity of the calculations by varying the assumptions and applying other values within a reasonably possible range of outcomes.
- We assessed the adequacy of the Group's disclosure regarding the key assumptions, sensitivities and headroom as included in the accounting policies and in Note 9 to the consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Edita Food Industries (S.A.E.) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

ii. Opening balances as at January 1, 2021

Due to local regulatory limitations imposed on the predecessor auditors, we were unable to perform a review of their audit working papers in respect of their audit for the year ended December 31, 2020.

We therefore performed specific audit procedures on the opening balances in accordance with the requirements of the International Auditing Standard 510 Initial Audit Engagements - Opening Balances.

We performed the following procedures:

- Obtained from management the closing trial balance, consolidation workings and related working papers, used to prepare the consolidated financial statements for the year ended December 31, 2020. We reconciled these to the audited consolidated financial statements of the Group as at December 31, 2020 prepared in compliance with IFRS.
- We assessed the reasonableness of key judgements and estimates.
- Agreed on a sample basis balances as at December 31, 2020, to supporting documents which included third party documents where considered to be necessary.

Made enquiries of management, those charged with governance and obtaining explanations which we deem to be necessary for completion of our procedures.

iii. Accuracy of restatement of investment in a joint venture

The Group's consolidated statement of financial position includes investment in a joint venture amounting to EGP 69.4 million as at December 31, 2021 (see Note 10 to the consolidated financial statements).

As disclosed in note 10 to the consolidated financial statements, in prior years, the investment in Edita Food Industries Morocco was accounted for as an investment in a subsidiary and was consolidated accordingly. During the year ended December 31, 2021, the Group has re-assessed its control over the investee and concluded that the Group has joint control according to the requirements of IFRS 11 – Joint Arrangements hence restated the comparative financial information in these consolidated financial statements.

We performed the following procedures:

- We obtained agreements and evaluated all the equity in investments made by the Group to understand the nature of agreement to assess whether the investment qualifies for recognition as investment in a joint venture.
- We verified the cost of investment recorded at the time of initial investment and additional investments made from time to time through supporting documents.
- We obtained the management accounts of joint venture for each reporting period and recomputed the share of profit or loss of the Group to remeasure the carrying value of the investment as at each reporting date.
- We reviewed the minutes of meetings of Board of Directors regarding any decisions on the investments and also discussed with Management to understand their assessment of control and conclusion on restatement.
- We reviewed the consolidated financial statements for the disclosures and presentation related to investment in a joint venture and the restatement recorded for the prior years.
- We reviewed the joint venture agreement and evaluated the terms and conditions included therein to ensure that the Group exercised joint control and has rights to the net assets of the joint venture in accordance with IAS 28, and to confirm the existence of joint control exercised and corroborate the accounting treatment followed in-order-to restate the comparatives on the consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Edita Food Industries (S.A.E.) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Matters

- i. As explained in Note 1 to the consolidated financial statements, the consolidated financial statements on which our opinion is issued are the consolidated financial statements of the Group, which have been prepared for the purpose of the Group meeting its continuing obligations under the Listing Rules of the London Stock Exchange. These consolidated financial statements are therefore not the statutory financial statements of the Group as required by law in the jurisdiction where the Group is registered and regulated. The Group has prepared and published a separate set of consolidated financial statements for the year ended December 31, 2021 in accordance with Egyptian Accounting Standards and relevant laws and regulations ("EAS consolidated financial statements"). These EAS consolidated financial statements have been audited by another auditor, who expressed an unmodified opinion on those statements on March 14, 2022. Our audit opinion doesn't extend to those statutory consolidated financial statements.
- ii. The consolidated financial statements of the Group for the year ended December 31, 2020 prepared in compliance with IFRS were audited by another auditor, who expressed an unmodified opinion on those statements on February 24, 2021.

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

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

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

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

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

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

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

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



Independent Auditor's Report

To the Shareholders of Edita Food Industries (S.A.E.) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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


GRANT THORNTON

Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates
24 JUN 2022



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


Consolidated statement of financial position


As at December 31, 2021

(All amounts in Egyptian Pounds)

	Notes	December 31, 2021	Restated December 31, 2020	Restated January 1, 2020
ASSETS				
Non-current assets				
Property, plant and equipment	7	2,165,626,284	2,195,930,159	1,983,920,948
Right-of-use assets	8	47,149,933	56,824,102	38,948,722
Intangible assets	9	180,713,178	166,552,579	168,276,650
Investment in a joint venture	10	69,445,134	35,339,446	38,182,267
Total non-current assets		2,462,934,529	2,454,646,286	2,229,328,587
Current assets				
Inventories	11	526,494,168	315,275,148	295,420,425
Trade and other receivables	13	218,916,999	106,843,166	197,708,112
Financial assets at amortized cost	14	769,965,310	499,232,147	548,192,500
Financial assets at fair value through profit or loss	15	76,403,685	-	-
Cash and cash equivalents	16	163,455,483	214,670,738	99,166,326
Total current assets		1,755,235,645	1,136,021,199	1,140,487,363
TOTAL ASSETS		4,218,170,174	3,590,667,485	3,369,815,950
EQUITY AND LIABILITIES				
Equity				
Share capital	17	144,611,688	145,072,580	145,072,580
Legal reserve	18	78,953,630	78,629,880	78,233,972
Cumulative translation reserve		1,190,318	775,093	32,297
Transactions with non-controlling interest	19	(32,132,098)	(32,132,098)	(32,132,098)
Treasury shares	17	-	(22,556,296)	-
Retained earnings		1,866,823,044	1,569,981,034	1,414,038,957
		2,059,446,582	1,739,770,193	1,605,245,708
Non-controlling interests	19	590,046	424,268	532,415
Total equity		2,060,036,628	1,740,194,461	1,605,778,123
Non-current liabilities				
Borrowings	20	587,634,700	668,926,848	605,756,771
Deferred government grants	20	9,897,288	9,271,911	-
Employee benefit obligations	21	24,103,494	20,164,016	11,600,000
Deferred tax liabilities	22	204,828,607	174,113,920	168,415,126
Lease liabilities	23	51,734,242	58,295,765	35,298,061
Total non-current liabilities		878,198,331	930,772,460	821,069,958
Current liabilities				
Provisions	24	33,978,251	34,413,053	21,221,845
Bank overdraft	25	404,566,831	80,039,473	120,096,127
Trade and other payables	26	605,949,105	573,385,581	546,790,798
Current portion of borrowings	20	197,005,385	195,769,320	185,887,584
Current income tax liabilities	27	30,584,092	29,897,178	63,186,112
Lease liabilities	23	7,851,551	6,195,959	5,785,403
Total current liabilities		1,279,935,215	919,700,564	942,967,869
Total liabilities		2,158,133,546	1,850,473,024	1,764,037,827
TOTAL EQUITY AND LIABILITIES		4,218,170,174	3,590,667,485	3,369,815,950

These consolidated financial statements were approved and authorised for issue on June 24, 2022 by:


 Mr. Sameh Naguib
 Vice President – Finance


 Eng. Hani Berzi
 Chairman

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

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

Consolidated statement of profit or loss For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

	Notes	2021	Restated 2020
Revenue	37	5,251,219,991	4,021,088,297
Cost of sales	34	(3,577,857,519)	(2,632,958,394)
Gross profit		1,673,362,472	1,388,129,903
Distribution cost	34	(720,231,019)	(664,729,025)
Administrative expenses	34	(340,281,645)	(326,142,262)
Operating profit		612,849,808	397,258,616
Finance income	30	77,084,184	76,421,469
Finance cost	31	(77,409,094)	(96,651,717)
Other income	28	58,120,272	81,718,932
Other expenses	29	(39,039,886)	(42,403,983)
Gain on financial assets measured at fair value through profit or loss	15	8,508,793	-
Share of net losses of joint ventures accounted for using the equity method	10	(5,823,361)	(2,504,257)
PROFIT BEFORE INCOME TAX		634,290,716	413,839,060
Income tax expense	32	(162,387,113)	(108,824,039)
NET PROFIT FOR THE YEAR		471,903,603	305,015,021
Profit is attributable to			
Owners of the Parent		471,737,825	305,056,330
Non-controlling interest		165,778	(41,309)
Net profit for the year		471,903,603	305,015,021
Earnings per share (expressed in EGP per share):			
Basic and diluted earnings per share	33	0.65	0.42

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

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

Consolidated statement of comprehensive income For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

	Notes	2021	Restated 2020
Profit for the year		471,903,603	305,015,021
Other comprehensive loss			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		415,225	742,796
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	21	(2,476,661)	(4,704,314)
Income tax relating to this item		-	1,058,471
Other comprehensive loss for the year - net of tax		<u>(2,061,436)</u>	<u>(2,903,047)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>469,842,167</u>	<u>302,111,974</u>
Total comprehensive income is attributable to:			
Owners of the Parent		469,676,389	302,153,283
Non-controlling interest		165,778	(41,309)
Total comprehensive income for the year		<u>469,842,167</u>	<u>302,111,974</u>

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

	Share capital	Legal reserve	Cumulative translation reserve	Transactions with non-controlling interest	Treasury shares	Retained earnings	Total equity attributable to owners of the Parent	Non-controlling interest	Total equity
Balance as at January 1, 2020	145,072,580	78,233,972	(202,760)	(32,132,098)	-	1,414,038,957	1,605,010,651	36,220,697	1,641,231,348
Restatement (Note 39)	-	-	235,057	-	-	-	235,057	(35,688,282)	(35,453,225)
Balance as at January 1, 2020 - Restated	145,072,580	78,233,972	32,297	(32,132,098)	-	1,414,038,957	1,605,245,708	532,415	1,605,778,123
<i>Change of equity in 2020</i>									
Net profit for the year	-	-	-	-	-	305,056,330	305,056,330	(41,309)	305,015,021
Other comprehensive loss for the year	-	-	742,796	-	-	(3,645,843)	(2,903,047)	-	(2,903,047)
Total comprehensive income for the year	-	-	742,796	-	-	301,410,487	302,153,283	(41,309)	302,111,974
<i>Shareholders' transactions</i>									
Acquisition of treasury shares (Note 17)	-	-	-	-	(22,556,296)	-	(22,556,296)	-	(22,556,296)
Dividend distribution for 2019 (Note 17)	-	-	-	-	-	(145,072,581)	(145,072,581)	-	(145,072,581)
Transfer to legal reserve (Note 18)	-	395,908	-	-	-	(395,829)	79	(79)	-
Other adjustments	-	-	-	-	-	-	-	(66,759)	(66,759)
Total shareholders' transactions	-	395,908	-	-	(22,556,296)	(145,468,410)	(167,628,798)	(66,838)	(167,695,636)
Balance as at December 31, 2020	145,072,580	78,629,880	775,093	(32,132,098)	(22,556,296)	1,569,981,034	1,739,770,193	424,268	1,740,194,461
- Restated									
<i>Change of equity in 2021</i>									
Net profit for the year	-	-	-	-	-	471,737,825	471,737,825	165,778	471,903,603
Other comprehensive loss for the year	-	-	415,225	-	-	(2,476,661)	(2,061,436)	-	(2,061,436)
Total comprehensive income for the year	-	-	415,225	-	-	469,261,164	469,676,389	165,778	469,842,167
<i>Shareholders' transactions</i>									
Write-off of treasury shares (Note 17)	(460,892)	-	-	-	22,556,296	(22,095,404)	-	-	-
Dividend distribution for 2020 (Note 17)	-	-	-	-	-	(150,000,000)	(150,000,000)	-	(150,000,000)
Transfer to legal reserve (Note 18)	-	323,750	-	-	-	(323,750)	-	-	-
Total shareholders' transactions	(460,892)	323,750	-	-	-	(172,419,154)	(150,000,000)	-	(150,000,000)
Balance as at December 31, 2021	144,611,688	78,953,630	1,190,318	(32,132,098)	-	1,866,823,044	2,059,446,582	590,046	2,060,036,628

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

	Notes	2021	Restated 2020
<u>Cash flows from operating activities</u>			
Cash generated from operations	35	527,040,867	629,242,089
Interest paid		(87,044,359)	(95,624,677)
Income tax paid		(128,142,042)	(133,255,465)
Net cash inflow from operating activities		311,854,466	400,361,947
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment		(146,131,739)	(296,181,496)
Payment for purchase of intangible assets	9	(15,495,981)	(906,630)
Proceeds from sale of property, plant and equipment	35	20,083,916	4,166,023
Payment for capital increase in joint venture	10	(18,917,434)	-
Payment for purchase of shares in joint venture		(21,011,606)	-
Interest received		60,911,310	81,154,981
Payment for purchase of corporate bonds		-	(50,000,000)
Payment for purchase of treasury bills		(1,137,766,286)	(1,147,508,720)
Proceeds from sale of treasury bills		885,252,165	1,239,545,316
Payment for purchase of financial assets at fair value through profit or loss		(72,787,866)	-
Net cash outflow from investing activities		(445,863,521)	(169,730,526)
<u>Cash flows from financing activities</u>			
Dividends paid to shareholders		(156,145,803)	(139,463,576)
Acquisition of treasury shares	17	-	(22,556,296)
Lease payments		(6,225,149)	(4,703,604)
Payments to joint venture	36	(12,611,623)	-
Proceeds from borrowings		159,408,661	289,943,095
Repayments of borrowings		(226,159,644)	(198,289,974)
Net cash outflow from financing activities		(241,733,558)	(75,070,355)
Net (decrease) / increase in cash and cash equivalents		(375,742,613)	155,561,066
Cash and cash equivalents at beginning of the year (Restated)		134,631,265	(20,929,801)
Cash and cash equivalents at end of the year	16	(241,111,348)	134,631,265

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

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

Notes to the consolidated financial statements

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

1 General information

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

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

The Company provides manufacturing, producing and packing of all food products and producing and packing of readymade food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for Trading, a subsidiary.

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

The main shareholders of the Company are Quantum Investment BV holding 41.815 % of the Company's share capital, the Bank of New York Mellon (acting as depository bank for shares traded in London Stock Exchange) managing 11.959 % of the Company's share capital, Kingsway Fund Frontier Consumer Franchises holding 8.210 % of Company's share capital, in addition to several shareholders holding 38.016 % of the Company's share capital.

These consolidated financial statements as at December 31, 2021 comprises the Company and its subsidiaries (hereinafter referred to as the "Group"). The Group's financial year start on January 1 and ends on December 31 each year.

The Group has prepared a separate set of consolidated financial statements in accordance with Egyptian Accounting Standards and applicable laws and regulations for the year ended December 31, 2021, which does not constitute part of these consolidated financial statements.

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

Subsidiaries	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2021	2020	2021	2020
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%	-	-

Digma for Trading:

Main activity of Digma for Trading is wholesale and retail trading in consumable goods. Digma for Trading also acts as a distributor for local and foreign factories and companies producing these goods and also imports and exports in accordance with relevant laws and regulations. The subsidiary buys from Edita Confectionery Industries and Edita Food Industries and distributes to others.

Edita Confectionery Industries:

The purpose of Edita Confectionery Industries is to build and operate a factory for production, sales of distributions of Sweets, Toofy, Jelly, Caramel and other nutrition materials, and finally sell the products to Digma for Trading.

Edita Participation Limited:

The principal activities of Edita Participation Limited are the provision of services and the holding of investments. The Subsidiary has not commenced its operations and all transactions are considered minimal.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

1 General information (continued)

The financial information about the afore-said subsidiaries as at and for the years ended December 31, 2021 and December 31, 2020 are as follows:

	Total Assets	Total Liabilities	Total Equity / (Deficit of assets)	Total Sales	Net profit / (loss)
2021					
Digma for Trading	472,888,506	295,652,167	177,236,339	4,949,151,342	43,711,031
Edita Confectionery Industries	196,437,971	61,189,442	135,248,529	138,774,453	6,475,044
Edita Participation Limited	169,256,637	176,301,398	(7,044,761)	-	(583,990)

	Total Assets	Total Liabilities	Total Equity / (Deficit of assets)	Total Sales	Net (loss) / profit
2020					
Digma for Trading	442,101,143	306,558,556	135,542,587	3,777,945,968	(54,932,765)
Edita Confectionery Industries	207,200,120	78,426,635	128,773,485	146,092,596	8,998,106
Edita Participation Limited	41,198,932	47,659,704	(6,460,772)	-	(1,987,695)

Joint Venture

Edita Food Industries Morocco

The main purpose of Edita Food Industries Morocco is to build and operate a factory for production, sales and distribution of cakes, pastry, wafer and other confectionary products (Note 10).

2 Basis for preparation

2.1 Statement of compliance with IFRS

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

2.2 Historical cost convention

These consolidated financial statements have been prepared under the historical cost basis except for the following:

- Defined benefit obligation is recognized at the present value of future obligation using the projected credit unit method; and
- Financial instruments at fair value through profit or loss are measured at fair value.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, Interpretations and amendments adopted as at January 1, 2021

Accounting pronouncements which have become effective from January 1, 2021 and have therefore been adopted are as follows:

- COVID-19-related rent concessions beyond June 30, 2021 (Amendments to IFRS 16); and
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These amendments do not have a significant impact on these consolidated financial statements and therefore the disclosures have not been made.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

3 Standards, interpretations and amendments to existing standards (continued)

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

Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- References to the Conceptual Framework;
- Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41); and
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

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

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

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

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

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

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

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The acquisition method of accounting is used to account for business combinations by the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners.

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

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

Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

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

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

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Business combinations (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

Joint arrangements

Joint arrangements are the arrangements, of which, two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct its relevant activities.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending upon the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. Goodwill relating to joint venture is included in the carrying amount of the investment and is not specifically tested for impairment.

Where the Group's share of losses exceeds its interest in a joint venture, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Unrealised gains on transactions between Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit / (loss) of a joint venture' in the consolidated statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Egyptian Pounds ("EGP"), which is the Group's functional and presentation currency except for Edita Participation Limited, the functional currency of which is Euro.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

Transactions and balances

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

Foreign exchange gains and losses that relate to loans and cash and cash equivalents are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within 'other income / (expenses) - net'.

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

Net investment in foreign operations

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

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate as at the reporting date;
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized in other comprehensive income.
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.
- On consolidation, exchange differences arising from translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Property, plant and equipment

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Projects under construction

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

Intangible assets

Trademarks and know-how

Trademarks and know-how have indefinite useful lives as there is no foreseeable limit on the period over which the brands are expected to exist and generate cash flows and are carried at cost less impairment losses, if any. Historical cost includes all expenditures associated with the acquisition of an intangible asset.

The trademark and know-how are recognized as indefinite intangible asset as the licenses are perpetual, irrevocable and exclusive including the trademark in the territory related to cake products. The brand has an established presence in the territory since 1990s.

In addition, the Group has a strong historic financial track-record and forecasts continued growth also, the know-how of perpetual license not exposed to typical obsolescence as it relates to a food product.

The brand remain popular in the Middle East, and the Group does not foresee any decline in value in the foreseeable future.

Computer software

Separately acquired software licences are shown at cost less the accumulated amortization and the accumulated impairment losses, if any. The Group charges the amortization amount of the software licences consistently over their estimated useful lives of four years using the straight-line method.

The costs of acquisition of computer software licenses that are not considered an integral part of computers are recognized as intangible assets on the basis of costs related to preparing the asset for use in the purpose for which it was acquired.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Leases

The Group leases various properties. Rental contracts are typically made for fixed periods of 3 to 9 years lease terms, are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases and leases of low-value assets

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Inventories

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

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

Financial instruments

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss, as applicable); and
- those to be measured at amortised cost.

The Group's financial assets at amortized cost include treasury bills and corporate bonds, cash and cash equivalents and trade and other receivables. The Group's financial assets at fair value through profit or loss include leverage Egyptian treasury bills.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI, as applicable. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Recognition and measurement

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

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

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

Impairment

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

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

Financial liabilities

Classification

Financial liabilities are classified, at initial recognition, as borrowings or payables.

The Group's financial liabilities include lease liabilities, borrowings and trade and most other payables.

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

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

Recognition, measurement and derecognition

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Recognition, measurement and derecognition (continued)

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

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

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

Offsetting

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

Fair value

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

Borrowing costs

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

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

Cash and cash equivalents

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Government Grants

Government loans

The Group receives government grants in form of loan at below market rate of interest. Government grants are initially recognized within other liabilities at fair value when there is reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant.

Government grants relating to costs are deferred and recognized in the profit or loss on a systematic basis over the period necessary to match them with the costs that they are intended to compensate.

Government export subsidy

The Government of Egypt operates an export subsidy program managed by Export Development Fund. The scheme was established under Law No. 155 of 2002 to create incentives for Egyptian companies to grow exports.

The Group operates in a qualifying sector and the subsidy represents a percentage of the export value depending on a set of variables including the percentage of local components, location of the factory, export destination and amongst others. The subsidy on export sales is recognised when there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The subsidy is recognised under other income in the consolidated statement of profit or loss on a gross basis.

Export subsidy is recognised immediately as this is provided by the Government to compensate the Group for export sales already made.

Employee benefits

Short-term obligations

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

Post-employment obligation

Pension obligations

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Employee benefits (continued)

Pension obligations (continued)

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

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

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

Profit-sharing and bonus plans

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

Termination benefits

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

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

Provisions

Provisions are recognized when:

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

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Income tax

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

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

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

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

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

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

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

Treasury shares

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

Share capital

Ordinary shares are classified as equity.

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Dividends

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

Revenue recognition

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

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

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

Step 2: identify the performance obligations in the contract:

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

Step 3: Determine the transaction price:

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

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

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

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

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

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

Sales Revenue

Performance obligations are when they are satisfied at a point in time as the Group fulfils the performance obligation at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the requirements for control. In addition, an entity shall consider indicators of the transfer of control, which include, but are not limited to, the following:

The entity has a present right to payment for the asset. The customer has legal title to the asset.

The entity has transferred physical possession of the asset.

The customer has the significant risks and rewards of ownership of the asset.

The customer has accepted the asset.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Sales of goods - wholesale

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

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

The products are often sold with retrospective volume discounts for export sales based on aggregate sales over a 3 months' period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, based on actual volume, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

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

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

Interest income

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

Dividend income

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

Segment reporting

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

5 Financial risk management

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

The Group's risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

5.1 Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

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

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

	2021	Restated 2020
Amounts recognised in profit or loss		
Net foreign exchange gain / (loss) included in finance cost	7,097,400	(122,934)
	<u>7,097,400</u>	<u>(122,934)</u>
Net losses recognised in comprehensive income		
Foreign currency translation reserve net of tax	415,225	742,796
	<u>415,225</u>	<u>742,796</u>

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

5 Financial risk management (continued)

5.1 Market risk (continued)

Foreign exchange risk (continued)

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

	2021			Restated
	Assets	Liabilities	Net	2020 Net
Euros	70,747,074	(42,531,224)	28,215,850	(139,455,014)
United States Dollars	155,569,547	(283,658,528)	(128,088,981)	(226,161,717)

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in US/EGP and Euro/EGP exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from Euro and US Dollars denominated financial instruments.

Euro/EGP

As at December 31, 2021, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been EGP 2,821,585 (2020: EGP 13,945,501) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

USD/EGP

As at December 31, 2021, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been EGP 12,808,898 (2020: EGP 22,616,171) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

Price risk

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

Cash flow and fair value interest rate risk

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

Sensitivity analysis

As at December 31, 2021, if interest rates on Egyptian pound denominated net interest bearing liabilities had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been EGP 9,065,038 (2020 restated: EGP 8,211,251) lower/higher interest expense on floating rate borrowings.

Borrowings at the reporting date with variable interest rate amounted to EGP 505,826,911 (2020 restated: EGP 741,085,589).

Overdraft balance as at December 31, 2021 amounted to EGP 404,566,831 (2020 restated: EGP 80,039,473).

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

5 Financial risk management (continued)

5.1 Market risk (continued)

Cash flow and fair value interest rate risk (continued)

Sensitivity analysis (continued)

The exposure of the Group's borrowings to interest rates changes of the borrowings as at the end of reporting period are as follows:

	2021		2020 (restated)	
	Amount	% of total borrowings	Amount	% of total borrowings
Variable rate borrowings	505,826,911	65%	741,085,589	86%
Fixed rate borrowings	273,503,992	35%	115,763,438	14%
Total	<u>779,330,903</u>	<u>100%</u>	<u>856,849,027</u>	<u>100%</u>

5.2 Credit risk

Risk management

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

Security

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

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

Credit quality

For Treasury Bills, the Group deals with government which are considered with a high credit rating (Egypt B+).

For Corporate Bonds, the Group deals with EFG Hermes which are considered with a high credit rating (A +)

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

The maximum exposure to credit risk is the amount of receivables, cash balances and Treasury Bills.

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

The maximum sales to a single customer is 1.6%.

The Group exposure to expected credit losses was quantified and found to be immaterial.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

5 Financial risk management (continued)

5.2 Credit risk (continued)

Credit quality (continued)

Trade receivables (Counter parties without external credit rating)

	2021	2020 (restated)
Trade and notes receivables	26,340,558	26,790,768
Total	26,340,558	26,790,768

Outstanding trade and notes receivables are current and not impaired.

Cash at bank and short-term bank deposits

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

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

Impairment of financial assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared link characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2021 or January 1, 2021, respectively, and the corresponding historical credit losses experiences within this period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

5 Financial risk management (continued)

5.2 Credit risk (continued)

Impairment of financial assets (continued)

The loss allowance as at December 31, 2021 and December 31, 2020 was determined as follows:

	Current	30 days past due	31 to 90 days past due	91 to 180 days past due	181 to 270 days past due	Total
December 31, 2021						
Expected loss rate	-	-	-	5.79%	17.60%	0.08%
Gross carrying amount	12,694,659	13,306,501	192,485	44,918	101,995	26,340,558
Loss allowance	-	-	-	2,602	17,954	20,556
	Current	30 days past due	31 to 90 days past due	91 to 180 days past due	181 to 270 days past due	Total
December 31, 2020						
Expected loss rate	-	-	32.93%	-	-	0.08%
Gross carrying amount	26,448,308	280,044	62,416	-	-	26,790,768
Loss allowance	-	-	20,556	-	-	20,556

5.3 Liquidity risk

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

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

Maturities of financial liabilities

The table below summarizes the maturities of the Group's undiscounted financial liabilities as at December 31, 2021 and December 31, 2020, based on contractual payment dates and current interest rates.

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
As at December 31, 2021				
Borrowings	102,687,477	94,317,908	180,382,885	407,251,815
Trade and other payables	525,931,219	-	-	-
Bank overdraft	404,566,831	-	-	-
Lease liability	2,913,005	4,938,547	15,225,790	36,508,451
Total	1,036,098,532	99,256,455	195,608,675	443,760,266

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

5 Financial risk management (continued)

5.3 Liquidity risk (continued)

Maturities of financial liabilities (continued)

	Less than 6 month	Between 6 month & 1 year	Between 1 & 2 years	More than 2 years
As at December 31, 2020 (restated)				
Borrowings	106,633,619	89,135,701	393,902,425	275,024,423
Trade and other payables	507,038,733	-	-	-
Bank overdraft	80,039,473	-	-	-
Lease liability	1,007,863	3,898,269	16,242,802	43,342,790
Total	694,719,688	93,033,970	410,145,227	318,367,213

Financing arrangements:

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

	2021	Restated 2020
Expiring within 1 year (bank overdrafts)	424,323,096	834,635,000
Expiring beyond 1 year (bank loans)	154,152,989	78,440,002
Total	578,476,085	913,075,002

5.4 Capital management

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

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

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

	2021	Restated 2020
Total borrowings	784,640,085	864,696,168
Bank overdraft	404,566,831	80,039,473
Total borrowings and loans	1,189,206,916	944,735,641
Less: cash and bank balances	(163,455,483)	(214,670,740)
Net debt	1,025,751,433	730,064,901
Total equity	2,060,036,628	1,740,194,461
Total capital	3,085,788,061	2,470,259,362
Gearing ratio	33%	30%

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

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5 Financial risk management (continued)

5.4 Capital management (continued)

Loan covenants

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

- The debt to equity ratio must be not more than 1:1;
- Debt service ratio shall not fall below 1.25;
- Leverage ratio shall not exceed 1.5:1;
- Current ratio shall not be less than 1;
- Liabilities to Tangible Net Worth Ratio of not more than 1.5;
- Net Financial Debt to EBITDA Ratio of not more than 1.8;
- Adjusted PPE to Financial Debt Ratio of not less than 2.2; and
- Days Payable Ratio of not more than 75 days.

As at December 31, 2021, the Group was in compliance with the debt covenants.

5.5 Fair value estimation

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

6 Critical accounting estimates, assumptions and judgments

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

6.1 Critical accounting estimates and assumptions

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

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

Impairment of infinite life intangible assets (trademark and know-how)

The Group tests whether infinite life intangible assets have suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on a value of in use calculations which require the use of assumptions (Note 9).

Useful lives of depreciable assets

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

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

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6 Critical accounting estimates, assumptions and judgments (Continued)

6.1 Critical accounting estimates and assumptions (continued)

Employee benefit retirement obligation

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

The Group determines the appropriate discount rate of cash flows at the end of each financial year. The discount rate is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefits obligations. The Group considers the discount rate at the end of the financial year on market returns on the government bonds denominated in the currency and the year estimated for the defined benefits obligations. The main assumptions used to estimate the employees' benefit obligation are shown in Note 21.

6.2 Critical judgments in applying the Group's accounting policies

Revenue recognition

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

Determining the lease term

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

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

Determination of appropriate discount rate in measuring lease liabilities

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

Deconsolidation of Edita Food Industries Morocco

As disclosed in Note 10, the Group realized in April 2021 that it lack the full control on Edita Food Industries Morocco, previously accounted for as a subsidiary. Although the Group holds 68.5% investments in Edita Food Industries Morocco as at December 31, 2021. But due to the fact of certain voting rights of the counterparty, the management concluded that the Group does not have the full control on this entity and could not direct separately its activities.

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

6 Critical accounting estimates, assumptions and judgments (continued)

6.2 Critical judgments in applying the Group's accounting policies (continued)

Based on the contractual terms, the Group assessed that the voting rights in Edita Food Industries Morocco are not the dominant factor in deciding who controls this entity. Therefore, the Group concluded that Edita Food Industries Morocco is not a structured entity under IFRS 10 - Consolidated Financial Statements, and that the Group controls the entity along with the non-controlling interests party unanimously. Accordingly, Edita Food Industries Morocco was deconsolidated since inception (Note 39).

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

7 Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Tools and equipment	Furniture and office equipment	Projects under construction	Total
As at January 1, 2021								
Cost	120,908,260	972,406,587	1,258,816,257	337,789,755	179,717,274	128,126,497	170,246,386	3,168,011,016
Accumulated depreciation	-	(205,676,310)	(419,993,066)	(158,080,691)	(103,089,733)	(85,241,057)	-	(972,080,857)
Net book amount (Restated)	120,908,260	766,730,277	838,823,191	179,709,064	76,627,541	42,885,440	170,246,386	2,195,930,159
Year ended December 31, 2021								
Opening net book amount	120,908,260	766,730,277	838,823,191	179,709,064	76,627,541	42,885,440	170,246,386	2,195,930,159
Additions	-	-	782,745	9,141,677	8,442,517	4,176,229	130,590,250	153,133,418
Depreciation charge	-	(39,340,037)	(66,377,923)	(32,117,738)	(25,670,347)	(16,538,201)	-	(180,044,246)
Disposals	-	-	(66,264)	(18,695,559)	(679,265)	(725,963)	-	(20,167,051)
Accumulated depreciation of disposals	-	-	22,113	16,686,289	665,934	555,252	-	17,929,588
Transfers from Projects under construction*	-	4,680,216	167,983,168	-	28,023,177	10,405,909	(211,092,470)	-
Transfers to intangible assets (Note 9)	-	-	-	-	-	-	(1,155,584)	(1,155,584)
Closing net Book Value	120,908,260	732,070,456	941,167,030	154,723,733	87,409,557	40,758,666	88,588,582	2,165,626,284
As at December 31, 2021								
Cost	120,908,260	977,086,803	1,427,515,906	328,235,873	215,503,703	141,982,672	88,588,582	3,299,821,799
Accumulated depreciation	-	(245,016,347)	(486,348,876)	(173,512,140)	(128,094,146)	(101,224,006)	-	(1,134,195,515)
Net book amount	120,908,260	732,070,456	941,167,030	154,723,733	87,409,557	40,758,666	88,588,582	2,165,626,284

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

Notes to the consolidated financial statements (continued) For the year ended December 31, 2021

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7 Property, plant and equipment (continued)

	Land	Buildings	Machinery and equipment	Vehicles	Tools and equipment	Furniture and office equipment	Projects under construction	Total
As at January 1, 2020								
Cost	120,908,260	938,791,751	1,130,316,854	273,635,023	133,342,261	105,966,235	89,346,952	2,792,307,336
Accumulated depreciation	-	(167,127,236)	(362,417,657)	(114,493,083)	(84,561,889)	(79,786,523)	-	(808,386,388)
Net book amount (restated)	120,908,260	771,664,515	767,899,197	159,141,940	48,780,372	26,179,712	89,346,952	1,983,920,948
Year ended December 31, 2020								
Opening net book amount	120,908,260	771,664,515	767,899,197	159,141,940	48,780,372	26,179,712	89,346,952	1,983,920,948
Additions	-	-	1,894,261	69,851,032	14,032,601	9,906,858	298,259,092	393,943,844
Depreciation charge	-	(38,549,074)	(57,662,673)	(49,256,189)	(21,549,753)	(14,009,401)	-	(181,027,090)
Disposals	-	-	(87,264)	(5,696,300)	(3,029,352)	(9,430,664)	-	(18,243,580)
Accumulated depreciation of disposals	-	-	87,264	5,668,581	3,021,909	8,554,867	-	17,332,621
Translation of foreign operations	-	-	-	-	-	3,382	34	3,416
Transfers from Projects under construction	-	-	-	-	-	-	-	-
Closing net Book Value	-	33,614,836	126,692,406	179,709,064	35,371,764	21,680,686	(217,359,692)	-
As at December 31, 2020	120,908,260	766,730,277	838,823,191	179,709,064	76,627,541	42,885,440	170,246,386	2,195,930,159
As at December 31, 2020	120,908,260	972,406,587	1,258,816,257	337,789,755	179,717,274	128,126,497	170,246,386	3,168,011,016
Cost	-	(205,676,310)	(419,993,066)	(158,080,691)	(103,089,733)	(85,241,057)	-	(972,080,857)
Accumulated depreciation	120,908,260	766,730,277	838,823,191	179,709,064	76,627,541	42,885,440	170,246,386	2,195,930,159

In 2021, the Group has capitalised certain assets completed during the year amounting to EGP 211.09 million (2020: EGP 217.36 million) which were transferred from projects under construction. The capitalised assets are mainly buildings, machinery and equipment, tools and equipment, and furniture and office equipment (2020: buildings, machinery and equipment, tools and equipment, and furniture and office equipment).

As at December 31, 2021, a balance of EGP 88.6 million represents a new production line which include machineries and equipment, tools and equipment and furniture and office equipment.

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

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7 Property, plant and equipment (continued)

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

	2021	Restated 2020
Charged to cost of sales	124,881,929	112,385,796
Charged to distribution costs	37,121,915	49,272,195
Charged to administrative expenses	18,040,402	19,369,099
	<u>180,044,246</u>	<u>181,027,090</u>

The projects under construction represent (nature to be disclosed):

	2021	Restated 2020
Buildings	9,201,456	9,639,174
Machinery & equipment	53,757,848	141,109,413
Tools and equipment	15,632,136	7,027,383
Technical and other installations	9,997,142	12,470,416
	<u>88,588,582</u>	<u>170,246,386</u>

8 Right-of-use assets

Right-of-use assets represent properties rented by the Group. The carrying amounts of the right-of-use assets and the movements during the year are shown below:

	2021	Restated 2020
Gross carrying amount		
As at January 1,	72,834,709	51,455,114
Additions during the year	1,319,216	21,379,595
As at December 31,	<u>74,153,925</u>	<u>72,834,709</u>
Accumulated depreciation		
As at January 1,	16,010,607	5,153,297
Charge for the year	10,993,385	10,857,310
As at December 31,	<u>27,003,992</u>	<u>16,010,607</u>
Net carrying amount as at December 31,	<u>47,149,933</u>	<u>56,824,102</u>

The corresponding lease liabilities pertaining to these right of use assets that re recognised by the Group are presented in note 23.

9 Intangible assets

	2021	2020
Intangible assets with infinite useful lives (9.1)	162,911,642	162,911,642
Intangible assets having finite useful lives - software (9.2)	17,801,536	3,640,937
	<u>180,713,178</u>	<u>166,552,579</u>

9.1 Intangible assets with infinite useful lives

	Trademark (A)	Know-how (B)	Total
2021			
Balance as at January 1,	131,480,647	31,430,995	162,911,642
Balance as at December 31,	<u>131,480,647</u>	<u>31,430,995</u>	<u>162,911,642</u>

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

Notes to the consolidated financial statements (continued)

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(All amounts in Egyptian Pounds)

9 Intangible assets (continued)

9.1 Intangible assets with infinite useful lives (continued)

	Trademark (A)	Know-how (B)	Total
2020			
Balance as at January 1,	131,480,647	31,430,995	162,911,642
Balance as at December 31,	131,480,647	31,430,995	162,911,642

A. Trademarks

These represent amount of USD 18 million paid for buying rights to the trademarks (Hohos, Twinkies and Tiger Tail) for Egypt, Jordan, Libya, Palestine Algeria, Bahrain, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia and United Arab Emirates. These trademarks do not have a definite useful life.

B. Know-how

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

C. Impairment test for infinite life intangible assets

Infinite life intangible assets are monitored by management at the level of cake segment, cash generating unit (CGU).

The recoverable amount of the cake segment is determined based on value-in-use calculation which require the use of assumptions. The calculations use cash flows projections based on financial budgets approved by management covering a five-year period.

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

The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable value.

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

	2021	2020
Average gross margin	34.00%	43.00%
Sales growth rate	11.00%	11.00%
Pre-tax discount rate	15.26%	17.00%
Terminal growth rate	5.00%	3.00%

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

9 Intangible assets (continued)

9.1 Intangible assets with infinite useful lives (continued)

C. Impairment test for infinite life intangible assets (continued)

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

Assumption	Approach used
Sales volume	Average annual growth rate over the five-year forecast period, based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period, based on current industry trends and including long term inflation forecasts.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports
Pre-tax discount rates	Reflect specific risks relating to the industry in which it operates.

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

Sensitivity of recoverable amounts

The growth rate in the forecast period has been estimated to be 5.00%. If all other assumptions kept the same, a reduction of this growth rate by 1.00% would give a value in use exceed the current carrying amount.

The discount rate in the forecast period has been estimated to be 15.26%. If all other assumptions kept the same, and the discount rate is 40% would give a value in use exceed the current carrying amount.

As at December 31, 2021, if the gross profit rate had increased / decreased by 1.00% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore, there are no indicators of impairment as at reporting date.

9.2 Intangible assets with finite useful lives - software

	2021	2020
Gross carrying amount		
As at January 1,	6,271,638	5,365,008
Transfers from projects under construction (Note 7)	1,155,584	-
Additions during the year	15,495,981	906,630
As at December 31,	22,923,203	6,271,638
Accumulated amortisation		
As at January 1,	2,630,701	-
Charge for the year	2,490,966	2,630,701
As at December 31,	5,121,667	2,630,701
Net carrying amount as at December 31,	17,801,536	3,640,937

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

Notes to the consolidated financial statements (continued)

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(All amounts in Egyptian Pounds)

10 Investment in a joint venture

	2021		2020 (Restated)	
	Ownership %	Amount	Ownership %	Amount
Edita Food Industries Morocco	69.6%	69,445,134	51.0%	35,339,446

In prior years, the investment in Edita Food Industries Morocco was accounted for as an investment in a subsidiary and was consolidated on the basis that the Group held control of Edita Food Industries Morocco through its ownership interest of 51% of the total share capital. One of the minority shareholders of Edita Food Industries Morocco held 45% interest and was afforded certain veto rights. In April 2021, the Group acquired an additional interest of 25% from this minority shareholder, of which, 7.4% was subject to a call option exercisable at any point until April 2022 by the minority shareholder. As a result of assessing the accounting implications of the acquisition and the call option, it was noted that the minority interest had substantive veto rights on certain reserved matters, even subsequent to the acquisition of the additional interest, the reserved matters would continue to prevent the Group from having the current ability to direct the relevant activities of Edita Food Industries Morocco. Subsequent to the reporting date, no call option was exercised by the minority shareholder and consequently, the same has lapsed.

In the process of reviewing the reserved matters with the minority shareholder, the management has assessed that based on the substantive nature of the veto rights, the Group has joint control according to the requirements of IFRS 10 - Consolidated Financial Statements and IFRS 11 - Joint Arrangements. As a consequence, the Group has accounted for the investment in Edita Food Industries Morocco as investment in a joint venture using the equity method and, accordingly, has restated the comparative financial information in these consolidated financial statements (Refer to Note 39).

The carrying value of the investment in the joint venture as at December 31, 2021 and 2020 are as follows:

	2021	Restated 2020
Group's share in Edita Food Industries Morocco (A)	61,629,083	36,771,384
Goodwill (B)	6,591,941	-
Adjustments	1,224,110	(1,431,938)
Carrying amount as at December 31,	69,445,134	35,339,446

	2021	Restated 2020
Share of net losses of joint venture	(5,823,361)	(2,504,257)

A. Group's share in Edita Food Industries Morocco

	2021	2020
Reconciliation to carrying amounts		
Net assets as at January 1,	72,100,752	77,011,057
Amount paid under capital increase	26,264,520	-
Loss for the year	(8,395,808)	(4,910,305)
Net assets as at December 31,	89,969,464	72,100,752
	2021	2020
Group's share in %	69.6%	51.0%
Net assets as at December 31,	89,969,464	72,100,752
Group's share of net assets	61,629,083	36,771,384

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

Notes to the consolidated financial statements (continued)

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10 Investment in a joint venture (continued)

The tables below provide summarized financial information presented in the financial statements of the joint venture:

Summarized statement of financial position	2021	2020
Non-current assets	214,507,333	155,579,642
Current assets:		
Cash and cash equivalents	20,139,112	3,669,610
Other current assets	34,911,581	56,430,296
Total current assets	55,050,693	60,099,906
Non-current liabilities:		
Financial liabilities	124,677,110	93,300,591
Current liabilities:		
Financial liabilities	14,540,024	1,558,769
Other current liabilities	40,371,428	48,719,636
Total Current liabilities	54,911,452	50,278,405
Net assets	89,969,464	72,100,752
Summarized statement of comprehensive income	2021	2020
Revenue	5,737,016	-
Cost of sales	(13,903,299)	(768,871)
Other income	9,919	-
Distribution cost	(601,983)	(3,128,022)
Administrative expenses	(4,251,738)	(2,770,516)
Finance income/(cost)	842,249	(105,894)
Income tax	3,772,028	1,862,998
Total loss for the year	(8,395,808)	(4,910,305)

The Group has provided a financial guarantee to a bank for the joint venture's borrowings amounting to EGP 120,455,802 and EGP 74,275,152 as at December 31, 2021 and 2020, respectively.

B. Goodwill

In April 2021, the Group acquired additional 112,500 shares (25%) in Edita Food Industries Morocco 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 minority shareholder. Due to the terms of the call option, the 7.4% was not considered as a purchase as the minority interest 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. Due to the short-term nature of the secured borrowing, the fair value of the loan approximates the carrying amount since discounting the balance using the prevailing market interest rate will not have a material impact. 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. This receivable has been included in due from related parties (Note 36). The excess of consideration paid over the acquired 17.6% share of the net assets has been allocated on a provisional basis as follows:

	April 1, 2021
Consideration paid to acquire 17.6% of the net assets	18,917,434
Less: Group's share in fair value of net assets at the date of acquisition*	(12,325,493)
Notional goodwill arises from the cost of additional interest in a joint venture	6,591,941

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Notes to the consolidated financial statements (continued)

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10 Investment in a joint venture (continued)

* Fair value of net assets has been determined on a provisional basis until the Group finalises the purchase price allocation process within the measurement period and is as follows:

	Fair value (April 30, 2021)
Fixed assets	148,679,885
Right-of-use assets	18,161,655
Deferred tax assets	2,500,246
Trade and notes receivable and other receivables	56,405,947
Cash and bank balances	6,545,269
Bank borrowings and overdraft	(93,138,800)
Trade and notes payable, due to related parties and other payables	(49,973,999)
Lease liabilities	(19,148,991)
Fair value of acquired assets	70,031,212
Group's share in fair value of net assets at acquisition date	12,325,493

11 Inventories

	2021	Restated 2020
Raw and packaging materials	410,652,760	202,257,766
Finished goods	50,032,903	51,887,180
Spare parts	44,616,150	43,228,256
Work in process	18,827,641	14,162,527
Consumable	6,593,279	6,573,643
Total	530,722,733	318,109,372
Less: provision for slow moving and obsolete inventory	(4,228,565)	(2,834,224)
Net	526,494,168	315,275,148

The cost of individual items of inventories are determined using moving average cost method.

During the year ended December 31, 2021, there has been a slow moving and obsolete inventory addition amounted to EGP 2,000,000 (2020: EGP 822,000) (Note 29) and the cost to write down amounted to EGP 605,659 (2020: EGP 1,135,307).

The cost of inventories recognized as an expense and included in cost of sales amounted to EGP 2,869,615,358 during the year ended December 31, 2021 (2020: EGP 1,990,835,777) (Note 34).

12 Financial instruments by category

The Group holds the following financial instruments:

	2021	Restated 2020
Financial assets at amortised cost		
Trade and other receivables (excluding non-financial assets) * (Note 13)	78,014,576	57,233,818
Financial assets at amortized cost (Note 14)	769,965,310	499,232,147
Cash and bank balances (Note 16)	159,565,557	214,670,738
Total	1,007,545,443	771,136,703

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

Notes to the consolidated financial statements (continued)

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12 Financial instruments by category (continued)

	2021	Restated 2020
Financial assets at fair value through profit or loss		
Leverage Egyptian Treasury Bills (Note 15)	76,403,685	-
Financial liabilities at amortised cost		
Borrowings (Note 20)	784,640,085	864,696,168
Trade and other payables (excluding non-financial liabilities) * (Note 26)	525,931,219	507,038,733
Bank overdraft (Note 25)	404,566,831	80,039,473
Lease liabilities (Note 23)	59,585,793	64,491,724
Total	1,774,723,928	1,516,266,098

* As at reporting date, the carrying value of all short-term financial assets and liabilities approximates the fair value. Long-term borrowings also approximate the fair value as the contractual cash flows of loans are discounted at prevailing market rates and presented in the consolidated financial statements. Trade and other receivables presented above excludes prepaid expenses, advances to supplies and taxes. Trade and other payables presented above excludes taxes payables, advances from customers, social insurances, deferred government grants, and accrued rebates.

13 Trade and other receivables

	2021	Restated 2020
Trade receivables	26,178,949	18,952,818
Notes receivable	161,609	7,837,950
Total	26,340,558	26,790,768
Less: Expected credit losses of trade receivables (Note 5.2)	(20,556)	(20,556)
	26,320,002	26,770,212
Advances to suppliers	123,370,117	28,404,277
Other current assets	18,889,309	21,672,995
Prepaid expenses	17,053,116	21,205,071
Due from related parties (Note 36)	16,472,066	8,275,119
Deposits with others	15,896,487	-
Value added tax – receivables	479,190	-
Letters of credit	231,829	281,800
Employee loans	204,883	233,692
Total	218,916,999	106,843,166

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

14 Financial assets at amortised cost

	2021	Restated 2020
Treasury Bills (A)	769,965,310	448,889,188
Corporate Bonds (B)	-	50,342,959
	769,965,310	499,232,147

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Notes to the consolidated financial statements (continued)

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14 Financial assets at amortised cost (continued)

A. Treasury Bills

	2021	Restated 2020
91 days maturity	233,250,000	159,850,000
266-364 days maturity	572,400,000	314,675,000
	<u>805,650,000</u>	<u>474,525,000</u>
Unearned interest	(60,907,975)	(32,297,095)
Amount of Treasury Bills paid	744,742,025	442,227,905
Interest income recognised to profit or loss	25,223,285	6,661,783
Treasury bills balance	<u>769,965,310</u>	<u>448,889,688</u>

The average effective interest rate related to Treasury Bills is 12.88%.

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

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

B. Corporate Bonds

	2021	Restated 2020
More than 90 days maturity	50,000,000	50,000,000
Interest income recognised to profit or loss	5,674,411	342,959
Redeemed amount	(55,674,411)	-
	<u>-</u>	<u>50,342,959</u>

The carrying value of the bonds was approximate the fair value at initial recognition since the bonds bear prevailing market rate of interest.

15 Financial assets at fair value through profit or loss

The Group has signed an investment solution with EFG Hermes with a leverage feature and the investment rate shall be calculated by EFG Hermes at mark-to market. The contractual terms of the instrument would not give rise on specified dates to cash flows that solely comprise payments of principal and interest on the principal amount outstanding. Therefore, it has been classified as financial assets at fair value through profit or loss.

Fair value gains of EGP 8,508,793 (2020: EGP Nil) were recognized in the consolidated statement of profit or loss during the year.

	<u>Significant other observable inputs (Level 2)</u>
Leverage Egyptian Treasury Bills	<u>76,403,685</u>

Fair value measurement

Fair value was determined using specific valuation technique using quoted prices for identical instruments in an active market.

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

Notes to the consolidated financial statements (continued)

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16 Cash and cash equivalents

	2021	Restated 2020
Cash at banks and in hand	86,335,423	76,998,538
Time deposit - Foreign currency	77,120,060	137,672,200
Cash and cash equivalents (excluding bank overdrafts)	163,455,483	214,670,738

The average rate on time deposit in USD is 1% with a maturity of less than a month.

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

	2021	Restated 2020
Cash and bank balances	163,455,483	214,670,738
Bank overdraft (Note 25)	(404,566,831)	(80,039,473)
Total	(241,111,348)	134,631,265

17 Share capital

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

The issued and paid-up capital amounted to EGP 72,536,290 after trading distributed on 362,681,450 shares (par value EGP 0.2 per share) are distributed as follows:

Shareholders	No. of Shares	Shares Value	Percentage of ownership
Berco Ltd.	151,654,150	30,330,830	41.815%
Exoder Ltd.	47,056,732	9,411,346	12.975%
Africa Samba B.V.	54,402,233	10,880,447	15.000%
Others (Public stocks)	109,568,335	21,913,667	30.210%
	362,681,450	72,536,290	100%

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

As at December 31, 2021, the issued capital amounted to EGP 144,611,688 with par value EGP 0.2 per share (2020: EGP 145,072,580 with par value EGP 0.2 per share) and is distributed as follows:

	2021		
Shareholders	No. of Shares	Shares Value	Percentage of ownership
Quantum Investment BV	303,308,300	60,661,660	41.95%
The Bank of New York Mellon "depository bank for shares traded in London Stock Exchange"	85,792,350	17,158,470	11.87%
Kingsway Fund Frontier Consumer Franchises	45,623,461	9,124,692	6.31%
Others (public stocks)	288,334,328	57,666,866	39.87%
	723,058,439	144,611,688	100%

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Notes to the consolidated financial statements (continued)

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17 Share capital (continued)

Shareholders	No. of Shares	Restated 2020	
		Shares Value	Percentage of ownership
Quantum Investment BV	303,308,300	60,661,660	41.815%
The Bank of New York Mellon "depository bank for shares traded in London Stock Exchange"	86,749,655	17,349,931	11.959%
Kingsway Fund Frontier Consumer Franchises	59,553,461	11,910,692	8.210%
Treasury shares (A)	2,304,461	460,892	0.318%
Others (public stocks)	273,447,023	54,689,405	37.698%
	<u>725,362,900</u>	<u>145,072,580</u>	<u>100%</u>

A. Treasury shares

According to Board of Director resolution on April 5, 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 consolidated statement of changes in equity.

On April 4, 2021, the extra ordinary 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.

B. Dividend

The Group declared dividends of EGP 150,000,000 during the year ended December 31, 2021 (2020: EGP 145,072,581).

18 Legal reserve

In accordance with Company Law No. 159 of 198 and the Company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. The Group may stop such transfers when the legal reserve reaches 50% of the share capital. The reserve is not eligible for distribution to the shareholders.

During the year ended December 31, 2021, transfer of EGP 323,750 has been made to statutory reserve (2020: EGP 395,908).

19 Non-controlling interest

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

The effect on the equity attributable to the owners of the Parent is summarised as follows:

	2021	Restated 2020
Carrying amount of non-controlling interest acquired	23,165,685	23,165,685
Consideration paid to non-controlling interest	(55,297,783)	(55,297,783)
Excess of consideration paid recognized in the transactions with non-controlling interests reserve within the equity	(32,132,098)	(32,132,098)

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

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19 Non-controlling interest (continued)

The below table summarised the components of non -controlling interest presented on the statement of changes in equity.

	2021				Total	Restated 2020
	Share capital	Legal reserves	Assets revaluation (Accumulated reserve	losses)		
Balance as at January 1,	30,460	593,684	38,162	(238,038)	424,268	532,415
Non-controlling share in Profit/(losses) of subsidiaries	-	-	-	165,778	165,778	(41,309)
Total comprehensive income/(loss) for the year	-	-	-	165,778	165,778	(41,309)
Shareholders' transactions						
Transfer to legal reserve	-	-	-	-	-	(79)
Other adjustments	-	-	-	-	-	(66,759)
Shareholders' transactions	-	-	-	-	-	(66,838)
Balance as at December 31,	30,460	593,684	38,162	(72,260)	590,046	424,268

20 Borrowings

	2021			2020 (restated)		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Borrowings	197,005,385	587,634,700	784,640,085	195,769,320	668,926,848	864,696,168
	197,005,385	587,634,700	784,640,085	195,769,320	668,926,848	864,696,168

The due dates for short-term portion borrowings are according to the following schedule:

	2021	Restated 2020
Balance due within 1 year	191,696,203	187,922,179
Accrued interest	5,309,182	7,847,141
	197,005,385	195,769,320

20.1 Edita Food Industries Group

	2021			2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
IFC loan	64,589,305	189,120,000	253,709,305	65,033,676	252,640,000	317,673,676
	64,589,305	189,120,000	253,709,305	65,033,676	252,640,000	317,673,676

The due dates for short-term portion borrowings are according to the following schedule:

	2021	Restated 2020
Balance due within 1 year	63,040,000	63,160,000
Accrued interest	1,549,305	1,873,676
	64,589,305	65,033,676

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

Notes to the consolidated financial statements (continued)

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20 Borrowings (continued)

20.1 Edita Food Industries Group (continued)

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

The Group is obligated to pay USD 20,000,000 in 10 equal semi-annual instalments, with each instalment amounting to USD 2,000,000 from May 2021 to November 2025.

The interest rate on the loan is 4% above the 6 months' USD Libor rate.

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

20.2 Edita Food Industries Company

	2021			Restated 2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	-	-	-	10,187,943	-	10,187,943
Second loan	9,221,688	-	9,221,688	18,675,563	9,000,000	27,675,563
Third loan	16,044,582	-	16,044,582	16,479,208	26,396,659	42,875,867
Fourth loan	40,050,000	60,000,000	100,050,000	40,086,373	132,747,039	172,833,412
Fifth loan	-	-	-	16,831	4,136,902	4,153,733
Seventh loan	9,567,069	78,616,366	88,183,435	112,762	82,798,473	82,911,235
Eighth loan	12,935,925	57,904,510	70,840,435	31,465	32,964,970	32,996,435
Ninth loan	75,198	61,763,341	61,838,539	-	-	-
Tenth loan	26,754	52,824,954	52,851,708	-	-	-
Total	87,921,216	311,109,171	399,030,387	85,590,145	288,044,043	373,634,188

The sixth loan is the IFC loan which is separately disclosed in Note 20.1.

The due dates for short-term portion borrowings are according to the following schedule:

	2021	Restated 2020
Balance due within 1 year	87,293,990	83,549,948
Accrued interest	627,226	2,040,197
	87,921,216	85,590,145

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

(All amounts in Egyptian Pounds)

20 Borrowings (continued)

20.2 Edita Food Industries Company (continued)

Type	Guarantees	Currency	Tenure	Interest rate
First loan	Cross corporate guarantee Digma Trading Company amounted to LE 185,000,000	EGP/USD	7 years with first installment in January 2016	1% above mid corridor rate of Central Bank of Egypt and 2.5% above the Libor rate (3 months).
Second 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	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	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	None	USD	4 years with first installment in September 2018	3.85% above the USD Libor rate (3 months).
Seventh loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in November 2022	8%
Eighth loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in June 2022	8 %
Ninth loan (A)	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in September 2023	8 %
Tenth loan (B)	None	EGP	7 years with first installment in July 2023	8 %

A. Ninth loan

During the year, the Group obtained a loan facility of EGP 90 million from one of the 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. The Group utilised EGP 62.9 million from the total facility up to December 31, 2021.

The Group is obligated to pay the loan in 10 semi-annual instalments and the first instalment is due in September 2023.

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20 Borrowings (continued)

20.2 Edita Food Industries Company (continued)

B. Tenth loan

During the year, the Group obtained a loan facility of EGP 150 million from one of the 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. The Group utilised EGP 53.5 million from the total facility up to December 31, 2021.

The Group is obligated to pay the loan in 11 semi-annual instalments and the first instalment is due in July 2023.

C. Fair values

The fair values are determined as follows:

	<u>Fair values at Reporting date</u>	<u>Carrying amounts</u>
Seventh loan	89,672,295	88,183,435
Eighth loan	72,713,690	70,840,435
Ninth loan	60,817,806	61,838,539
Tenth loan	52,348,719	52,851,708

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

20.3 Digma for Trading

	<u>2021</u>			<u>2020</u>		
	<u>Short-term portion</u>	<u>Long-term portion</u>	<u>Total</u>	<u>Short-term portion</u>	<u>Long-term portion</u>	<u>Total</u>
First loan	36,330,058	83,405,529	119,735,587	37,095,943	116,242,805	153,338,748
Total	36,330,058	83,405,529	119,735,587	37,095,943	116,242,805	153,338,748

The due dates for short-term portion borrowings are according to the following schedule:

	<u>2021</u>	<u>2020</u>
Balance due within 1 year	33,362,211	33,212,231
Accrued interest	2,967,847	3,883,712
	36,330,058	37,095,943

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

The Group is obligated to pay the loan in 7 semi-annual instalments with the first instalment is due on February 27, 2022 and last instalment due on February 27, 2025.

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

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

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20 Borrowings (continued)

20.4 Edita Confectionery Industries Company

	2021			2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	8,164,806	4,000,000	12,164,806	8,049,556	12,000,000	20,049,556
Total	8,164,806	4,000,000	12,164,806	8,049,556	12,000,000	20,049,556

The due dates for short-term portion borrowings are according to the following schedule:

	2021	2020
Balance due within 1 year	8,000,000	8,000,000
Accrued interest	164,806	49,556
	8,164,806	8,049,556

The Group obtained a loan facility of EGP 40 million from one of the commercial banks. The Group utilised the whole loan.

The Group is obligated to pay the loan in 3 semi-annual instalments with the first instalment is due in June 2022 and last instalment due in June 2023. The interest rate is 0.5% plus the lending rate.

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

20.5 Deferred government grants

The Group obtained a loan facility of EGP 441 million from commercial banks under the Central Bank of Egypt initiative to support the Egyptian manufacturing companies. According to the initiative, the loan was obtained at interest rate of 8% that is lower than the prevailing market rate of similar loans by average 2% and recognised in profit or loss over the years necessary to match them with the costs that they are intended to compensate. The deferred government grants are according to the following schedule:

	2021			2020		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Seventh loan	2,517,521	4,931,993	7,449,514	2,244,311	7,159,895	9,404,206
Eighth loan	1,055,416	2,277,069	3,332,485	700,853	2,112,016	2,812,869
Ninth loan	497,621	1,476,828	1,974,449	-	-	-
Tenth loan	394,988	1,211,398	1,606,386	-	-	-
Total	4,465,546	9,897,288	14,362,834	2,945,164	9,271,911	12,217,075

21 Employee retirement benefit obligations

Employees of the Group are entitled upon their retirement based on a defined benefit plan. The entitlement is based on the length of service and final remuneration package of the employee upon retirement. The defined benefit obligation is calculated using the projected credit unit method and takes into consideration the principal actuarial assumptions as follows:

	2021	2020
Discount rate	14.5%	14.2%
Average salary increase rate	10.0%	10.0%
Turnover rate	20.0%	21.0%
Life table (years)	49-52	49-52

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21 Employee retirement benefit obligations (continued)

The amounts recognized at the consolidated statement of financial position date are determined as follows:

	2021	Restated 2020
Present value of obligations	24,103,494	20,164,016
Liability recognised as at December 31,	24,103,494	20,164,016

Movement in the liability recognised in the consolidated statement of financial position:

	2021	Restated 2020
Balance as at January 1,	20,164,016	11,600,000
Interest expenses	2,923,782	1,647,200
Current service cost	489,745	2,648,486
Total amount recognised in profit or loss (Note 29)	3,413,527	4,295,686
Remeasurements:		
Loss from changes in assumptions	2,476,661	4,704,314
Total amount recognised in other comprehensive income	2,476,661	4,704,314
Paid during the year	(1,950,710)	(435,984)
Balance as at December 31,	24,103,494	20,164,016

Sensitivity in Defined Benefit Obligation:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

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

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

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22 Deferred income tax liability

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

	Fixed assets	Acquiring Digma Company for Trading assets	Other provisions	Carry forward tax losses	Unrealized foreign exchange loss	Net deferred tax liabilities	
						2021	Restated 2020
Deferred tax assets							
As at January 1,	-	-	7,600,800	11,809,913	285,392	19,696,105	7,131,012
Charged to consolidated statement of profit or loss	-	-	2,088,015	(11,809,913)	4,092,395	(5,629,503)	11,506,622
Charged to consolidated statement of comprehensive income	-	-	-	-	-	-	1,058,471
As at December 31,	-	-	9,688,815	-	4,377,787	14,066,602	19,696,105
Deferred tax liabilities							
As at January 1,	(191,195,932)	(2,614,093)	-	-	-	(193,810,025)	(175,546,138)
Charged to consolidated statement of profit or loss	(25,325,608)	240,424	-	-	-	(25,085,184)	(18,263,887)
As at December 31,	(216,521,540)	(2,373,669)	-	-	-	(218,895,209)	(193,810,025)
Net deferred tax liabilities	(216,521,540)	(2,373,669)	9,688,815	-	4,377,787	(204,828,607)	(174,113,920)
As at January 1,	(191,195,932)	(2,614,093)	7,600,800	11,809,913	285,392	(174,113,920)	(168,415,126)
Charged to consolidated statement of profit or loss (Note 32)	(25,325,608)	240,424	2,088,015	(11,809,913)	4,092,395	(30,714,687)	(6,757,265)
Charged to consolidated statement of comprehensive income	-	-	-	-	-	-	1,058,471
As at December 31,	(216,521,540)	(2,373,669)	9,688,815	-	4,377,787	(204,828,607)	(174,113,920)

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23 Lease liabilities

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

	2021	Restated 2020
As at January 1,	64,491,724	47,815,733
Additions during the year	1,319,215	21,379,595
Interest on lease liabilities (Note 31)	9,561,756	9,945,004
Payment during the year	<u>(15,786,902)</u>	<u>(14,648,608)</u>
As at December 31,	<u>59,585,793</u>	<u>64,491,724</u>
Non-current liabilities	51,734,242	58,295,765
Current liabilities	<u>7,851,551</u>	<u>6,195,959</u>
Lease liabilities	<u>59,585,793</u>	<u>64,491,724</u>

The corresponding right of use assets pertaining to these lease liabilities that are recognised by the Group are presented in note 8.

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

	2021	Restated 2020
Commitments in relation to leases are payable		
Within one year	16,241,272	15,787,103
Later than one year and less than five years	58,158,360	65,488,124
Later than five years	<u>29,848,432</u>	<u>38,759,940</u>
Minimum lease payments	<u>104,248,064</u>	<u>120,035,167</u>
Present value of lease liabilities		
Within one year	7,851,551	6,195,959
Later than one year and less than five years	33,442,598	35,529,873
Later than five years	<u>18,291,644</u>	<u>22,765,892</u>
Present Value of Minimum Lease Payments	<u>59,585,793</u>	<u>64,491,724</u>

24 Provisions

	2021	2020
As at January 1,	34,413,053	21,221,845
Additions during the year (Note 29)	10,178,161	19,350,683
Utilised during the year	<u>(10,554,328)</u>	<u>(3,024,540)</u>
Provision no longer required (Note 28)	<u>(58,635)</u>	<u>(3,134,935)</u>
As at December 31,	<u>33,978,251</u>	<u>34,413,053</u>

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

25 Bank overdraft

	2021	Restated 2020
Bank overdraft	404,566,831	80,039,473
Total	<u>404,566,831</u>	<u>80,039,473</u>

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25 Bank overdraft (continued)

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 8.05% as at December 31, 2021 (2020: 9.29%).

26 Trade and other payables

	2021	Restated 2020
Trade payables	285,954,613	216,527,437
Accrued expenses	115,904,315	140,239,303
Payables against purchase of property, plant and equipment	51,610,913	44,609,234
Notes payable	42,259,316	66,722,464
Other credit balances	29,104,997	31,697,427
Taxes payable	41,864,918	31,888,801
Social insurance	7,361,630	10,919,742
Dividends payable	1,097,065	7,242,868
Deferred government grants (Note 20)	4,465,554	2,945,164
Contract liabilities – accrued rebates (Note 38)	12,634,941	10,926,917
Contract liabilities – Advances from customers (Note 38)	13,690,843	9,666,224
Total	605,949,105	573,385,581

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

27 Current income tax liabilities

	2021	2020
As at January 1,	29,897,178	63,186,112
Income tax paid during the year	(48,319,265)	(75,107,022)
Withholding tax receivable	(7,127,238)	(4,984,529)
Income tax for the year (Note 32)	131,672,426	102,066,774
Corporate income tax - advance payments	(63,709,382)	(37,342,974)
Tax on Treasury bills	(8,982,821)	(15,820,937)
Accrued interest - advance payments (Note 30)	(2,846,806)	(2,100,246)
As at December 31,	30,584,092	29,897,178

28 Other income

	2021	2020
Government grants - export subsidies (Note 4 and 20)	29,904,977	70,739,519
Gain from sales of property, plant and equipment (Note 35)	17,846,453	3,255,064
Other income	7,028,479	3,567,254
Government grants - reduced interest loans (Note 4 and 20)	3,281,728	1,022,160
Provision no longer required (Note 24)	58,635	3,134,935
Net	58,120,272	81,718,932

29 Other expenses

	2021	2020
Solidarity contribution	23,448,198	17,935,614
Other provisions (Note 24)	10,178,161	19,350,683
Provision for employee benefit obligation (Note 21)	3,413,527	4,295,686
Provision for slow moving inventory (Note 11)	2,000,000	822,000
Total	39,039,886	42,403,983

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30 Finance income

	2021	Restated 2020
Interest income	74,237,378	74,321,223
Interest income – corporate tax advance payment (Note 27)	2,846,806	2,100,246
	<u>77,084,184</u>	<u>76,421,469</u>

31 Finance cost

	2021	Restated 2020
Interest expense	74,944,739	86,583,781
Interest on lease liabilities (Note 23)	9,561,756	9,945,004
Foreign exchange (gains) / losses from financing activities	(7,097,401)	122,932
Total	<u>77,409,094</u>	<u>96,651,717</u>

32 Income tax expense

	2021	Restated 2020
Income tax for the year (Note 27)	131,672,426	102,066,774
Deferred tax expense for the year (Note 22)	30,714,687	6,757,265
Total	<u>162,387,113</u>	<u>108,824,039</u>
Profit before tax	634,290,716	413,839,060
Applicable tax rate		
Tax calculated based on applicable tax rates	142,715,411	93,113,789
Tax effect of non-deductible expenses	19,671,702	15,710,250
Income tax expense	<u>162,387,113</u>	<u>108,824,039</u>
Effective tax rate	<u>26%</u>	<u>26%</u>

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

33 Earnings per share

Basic

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

	2021	Restated 2020
Profit attributable to owners of the Parent	471,737,825	305,056,330
Weighted average number of ordinary shares in issue		
Ordinary shares	723,058,439	725,362,900
Treasury shares	-	(1,536,307)
Weighted average number of ordinary shares in issue	<u>723,058,439</u>	<u>723,826,593</u>
Basic earnings per share	<u>0.65</u>	<u>0.42</u>

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33 Earnings per share (continued)

Diluted

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

34 Expenses by nature

	2021	Restated 2020
Cost of sales	3,577,857,519	2,632,958,394
Distribution cost	720,231,019	664,729,025
Administrative expenses	340,281,645	326,142,262
	<u>4,638,370,183</u>	<u>3,623,829,681</u>
Materials consumed (Note 11)	2,869,615,358	1,990,835,777
Salaries and wages	620,125,052	577,010,865
Advertising and marketing	287,847,688	239,461,384
Depreciation and amortization	193,528,596	194,515,101
Employee benefits	168,360,410	143,819,182
Gas, water and electricity	103,327,440	99,864,716
Miscellaneous and other expense	97,248,458	92,348,697
Logistics services	73,317,440	71,658,651
Vehicle expense	60,471,423	60,407,393
Transportation expenses	59,883,707	56,735,228
Group's share in social insurance	55,143,826	56,384,982
Maintenance	49,500,785	40,787,705
Total	<u>4,638,370,183</u>	<u>3,623,829,681</u>

35 Cash flow information

A. Changes in liabilities arising from financing activities

	2021	Restated 2020
Cash and cash equivalents	(241,111,348)	134,631,265
Borrowings - repayable within 1 year	(197,005,385)	(195,769,320)
Borrowings - repayable after 1 year	(587,634,700)	(668,926,848)
Lease liabilities	(59,585,793)	(64,491,724)
Total	<u>(1,085,337,226)</u>	<u>(794,556,627)</u>

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

Notes to the consolidated financial statements (continued)

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35 Cash flow information (continued)

A. Changes in liabilities arising from financing activities (continued)

	Cash and cash equivalent	Borrowing due within 1 year	Borrowing due after 1 year	Lease Liabilities	Total
Net debt as at January 1, 2021 (restated)	134,631,265	(195,769,320)	(668,926,848)	(64,491,724)	(794,556,627)
Cash flows	(375,742,613)	(3,216,075)	75,386,104	6,225,146	(297,347,438)
New leases	-	-	-	(1,319,215)	(1,319,215)
Interest expense	-	(15,540,274)	(46,354,086)	(9,591,144)	(71,485,504)
Interest repayment	-	16,177,499	48,254,822	9,591,144	74,023,465
Foreign exchange Adjustment	-	1,342,785	4,005,308	-	5,348,093
Net debt as at December 31, 2021	<u>(241,111,348)</u>	<u>(197,005,385)</u>	<u>(587,634,700)</u>	<u>(59,585,793)</u>	<u>(1,085,337,226)</u>

B. Cash generated from operations

	Notes	2021	Restated 2020
Profit for the year before income tax		634,290,716	413,839,060
Adjustments for:			
Provisions	29	8,992,383	19,350,683
Employee retirement benefit obligation	29	4,599,305	4,295,686
Interest expense	31	74,944,739	86,583,781
Interest expense - lease liabilities	31	9,561,7536	9,945,004
Interest income	30	(74,237,378)	(74,321,223)
Interest income - corporate tax advance payment	30	(2,846,806)	(2,100,246)
Fair value gains from investments held at fair value through profit or loss	15	(8,508,793)	-
Share of net losses of joint venture accounted for using equity method	10	5,823,361	2,504,257
Government grants	28	(3,281,728)	(1,022,160)
Depreciation and amortization	34	193,528,596	194,515,101
Provision for slow moving inventory	29	2,000,000	822,000
Gain on disposal of property, plant and equipment	28	(17,846,453)	(3,255,064)
Provision no longer required	28	(58,635)	(3,134,935)
Foreign exchange		(4,924,531)	(5,785,823)
		<u>822,036,532</u>	<u>642,236,121</u>
Change in working capital			
Inventories		(213,219,020)	(19,541,416)
Trade and other receivables		(99,462,264)	90,864,946
Trade and other payables		30,190,657	(79,721,731)
Provisions		(10,554,328)	(4,159,847)
Payments of employee benefit obligations	21	(1,950,710)	(435,984)
Cash generated from operations		<u>527,040,867</u>	<u>629,242,089</u>

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

Notes to the consolidated financial statements (continued)

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(All amounts in Egyptian Pounds)

35 Cash flow information (continued)

C. Non-cash investing and finance activities

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

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

	2021	Restated 2020
Proceeds from disposal of property, plant and equipment	20,083,916	4,166,023
Net book value (Note 7)	(2,237,463)	(910,959)
Gain on disposal of property, plant and equipment (Note 28)	17,846,453	3,255,064

36 Related parties

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in IAS 24 - Related Party Disclosures. The related parties comprise the Group' Board of Directors, their entities, companies under common control, and / or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non-controlling interest are considered by the Group as related parties. The management decides the terms and conditions of transactions and services provided from / to related parties, as well as other expenses. Below is the statement that shows the nature and values of transaction with related parties during the year, and the balances due at reporting date.

Due from related parties

	2021	Restated 2020
Edita Food Industries Morocco	3,860,444	931,115
La Marocaine De Distribution De Logistiquis (Dislog S.A) (Note 10)	12,611,623	7,344,004
Total	16,472,067	8,275,119

La Marocaine De Distribution De Logistiquis (Dislog S.A) is considered a related party, being the counterparty in Edita Food Industries Morocco (a Joint venture). The nature of transactions with La Marocaine De Distribution De Logistiquis (Dislog S.A) during the years ended December 31, 2021 and December 31, 2020 is represented as follows:

	2021	Restated 2020
Sale of finished goods	10,601,197	21,411,280
Secured financing against shares subject to call option	12,611,623	-
Total	23,212,820	21,411,280

The Group did not recognise any allowance for the expected credit losses (2020: EGP Nil) for the balance of related parties as a result of the low credit risk with zero history of default.

Key management compensation

During the year ended December 31, 2021, the Group paid an amount of EGP 106,372,585 as benefits to the key management members (2020: EGP 90,037,576).

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Notes to the consolidated financial statements (continued) For the year ended December 31, 2021

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36 Related parties (continued)

	2021		Restated 2020	
	Non-executive / independent board members	Key management personnel	Non-executive / independent Key management board members	personnel
Total	Total		Total	
Salaries and compensation	2,450,000	102,319,939	2,700,000	82,513,676
Allowances	-	1,382,460	3,360,000	1,282,200
Other benefit	-	220,186	-	181,700
Total	2,450,000	103,922,585	6,060,000	83,977,576

37 Segment reporting

The Group operates across five segments in the Egyptian snack food market offering nine distinct brands:

Segment	Brand			Product		
	Cake	Croissant	Rusks	Wafer	Candy	Other
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		
EGP in '000	Restated			Restated		
	2021	2020	2021	2020	2021	2020
Revenue	2,242,165	1,710,474	1,928,844	1,507,046	302,340	287,780
Gross profit	781,101	670,445	611,351	512,838	87,070	85,180
Operating Profit	384,116	321,398	240,841	144,419	31,896	20,972
			(8,826)	(6,690)	(64,444)	(64,493)
			612,850	5,251,220	1,673,362	397,259

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Notes to the consolidated financial statements (continued)

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37 Segment reporting (continued)

Operating profit is reconciled to net profit as follows:

EGP in '000	2021	Restated 2020
Operating profit	612,850	397,259
Finance income	77,084	76,421
Finance cost	(77,409)	(96,652)
Other income	58,120	81,719
Other expenses	(39,040)	(42,404)
Gain on financial assets measured at fair value through profit or loss	8,509	-
Share of net loss of joint venture accounted for using the equity method	(5,823)	(2,504)
Income tax expense	(162,387)	(108,824)
Net profit	471,904	305,015

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

Management has determined the operating segments based on the information reviewed by the chief operating decision makers of the Group for the purpose of allocating and assessing resources.

The chief operating decision makers consider the business from products perspective. Although Rusks, Wafer, and Candy do not meet the quantitative threshold required by IFRS 8 for reportable segments, management has concluded that these segments should be reported as it is closely monitored by the chief operating decision makers as it is expected to materially contribute to the Group revenue in the future.

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

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

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

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.

Geographical segments:

The Group's sales consist of local sale and export sales. The local and export sales are as follows:

	2021	Restated 2020
Local sales within Egypt	4,942,126,903	3,771,962,574
Export sales	309,093,088	249,125,723
Total	5,251,219,991	4,021,088,297

38 Revenue from contracts with customers

A. Disaggregation of revenue from contracts with costumers

The Group derives revenue from the transfer of goods at a point in time. The Group disaggregate revenue by products line as disclosed in Note 37 (segment reporting).

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

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2021

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38 Revenue from contracts with customers (continued)

B. Contract liabilities

	2021	2020
Accrued rebates (Note 26)	12,634,941	10,926,917
Advances from customers (Note 26)	13,690,843	9,666,224
Total contract liabilities	26,325,784	20,593,141

The increase in contract liabilities was mainly due to the increase in advance payments made by the export customers during the year. The movement in advances from customers during the year is as follows:

	2021	2020
As at January 1,	9,666,224	5,183,186
Contract liabilities recognised for sale of goods	(9,666,224)	(5,183,186)
Contract liabilities arisen during the year	13,690,850	9,666,224
As as December 31,	13,690,850	9,666,224

39 Restatement

As disclosed in Note 10, the Group has retrospectively corrected the accounting method to account for its investment in Edita Food Industries Morocco as investment in a joint venture using the equity method rather than investment in subsidiary. Accordingly, the Group has restated the comparative financial information in these consolidated financial statements to split the assets and liabilities and account for investment in joint venture.

This restatement has resulted in the following changes:

Extract from the consolidated statement of financial position at the end of earliest comparative period

	2020	Increase/ (decrease)	Restated 2020
Property, plant and equipment	2,331,299,024	(135,368,865)	2,195,930,159
Right-of-use assets	75,179,823	(18,355,721)	56,824,102
Investment in a joint venture	-	35,339,446	35,339,446
Trade and other receivables	162,342,342	(55,499,176)	106,843,166
Cash and cash equivalents (excluding bank overdrafts)	218,340,350	(3,669,612)	214,670,738
Cumulative translation reserve	2,268,451	(1,493,358)	775,093
Non-controlling interest	35,753,388	(35,329,120)	424,268
Term loans	938,971,320	(74,275,152)	864,696,168
Deferred tax liabilities	172,258,866	1,855,054	174,113,920
Lease liabilities	83,819,521	(19,327,797)	64,491,724
Bank overdraft	80,364,773	(325,300)	80,039,473
Trade and other payables	622,043,836	(48,658,255)	573,385,581

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

Notes to the consolidated financial statements (continued)

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39 Restatement (continued)

Extract from the consolidated statement of financial position at the beginning of earliest comparative period	January 1, 2020	Increase/ (decrease)	Restated January 1, 2020
Property, plant and equipment	1,993,845,097	(9,924,149)	1,983,920,948
Right-of-use assets	61,432,524	(22,483,802)	38,948,722
Investment in a joint venture	-	38,182,267	38,182,267
Trade and other receivables	204,193,093	(6,484,981)	197,708,112
Cash and cash equivalents (excluding bank overdrafts)	153,615,452	(54,449,126)	99,166,326
Cumulative translation reserve	(202,760)	235,057	32,297
Non-controlling interest	36,220,697	(35,688,282)	532,415
Deferred tax liabilities	167,800,747	614,379	168,415,126
Lease liabilities	63,870,199	(22,786,735)	41,083,464
Trade and other payables	544,325,008	2,465,790	546,790,798

Extract from the consolidated statements of Profit or loss and other comprehensive Income	2020	Increase/ (decrease)	Restated 2020
Cost of sales	(2,633,727,265)	768,871	(2,632,958,394)
Distribution cost	(669,149,932)	4,420,907	(664,729,025)
Administrative expenses	(328,011,937)	1,869,675	(326,142,262)
Finance income	76,437,141	(15,672)	76,421,469
Finance cost	(96,773,284)	121,567	(96,651,717)
Share of net loss of joint venture accounted for using the equity method	-	(2,504,257)	(2,504,257)
Income tax expense	(106,961,043)	(1,862,996)	(108,824,039)
Exchange differences on translation of foreign operations	4,843,385	(5,586,181)	(742,796)

Extract from the consolidated statement of cash flows	2020	Increase/ (decrease)	Restated 2020
Net cash flows generated from operating activities	400,439,978	(78,031)	400,361,947
Net cash flows used in investing activities	(175,135,789)	5,405,263	(169,730,526)
Net cash flows used in financing activities	(20,351,385)	(54,718,970)	(75,070,355)

Basic and diluted earnings per share

Basic and diluted earnings per share for the prior year have not been restated since there was no effect on the net profit attributable to the owners of the Parent for the years ended December 31, 2020 and 2019.

40 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or pay the liability takes place either:

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

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

Notes to the consolidated financial statements (continued)

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40 Fair value measurement (continued)

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

The below shows the financial assets and liabilities at fair value in the consolidated financial statements as at December 31, 2021 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

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

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

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

- Cash and bank balances, trade receivables, other financial assets, due from related parties, trade and other payables and due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- For variable interest-bearing loans, fair value is approximately equal to the carrying amount since the loans bear variable interest rate that approximate the market prevailing rates.
- The fair value of the fixed interest-bearing loans at the reporting date has been calculated by discounting the future cash outflows (level 3 fair value measurement) using the prevailing market rate of interest of 9.75% at the reporting date. The fair value of the afore-said loans is disclosed in Note 20.
- Fair value of investment at fair value through profit or loss was determined using market comparison technique. The valuation model is based on identical instruments in a secondary market. This is a level 2 recurring fair value measurement using significant observable input (Note 15).

41 Commitments and contingent liabilities

Capital commitments

The Group has capital commitments of EGP 580 million as at December 31, 2021 (Restated 2020: EGP 120 million) in respect of capital expenditure.

Contingent liabilities

The banks have issued internal document collections in favor of the Company amounting to EGP 29,085,087 which guarantee the Company for the goods imported (2020: EGP 39,835,555).

The banks have issued letter of credit in favor of Digma For Trading amounting to EGP 250,000 which guarantee the Company for the goods imported (2020: EGP Nil).

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

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Notes to the consolidated financial statements (continued)

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42 Tax position

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

A. Edita Food Industries Company

Corporate tax

The Company was tax exempted for a period of 10 years ended December 31, 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year started on January 1, 1998. The Company submits its tax on its legal period.

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

For the years from 2017 to 2021, the Company has filed tax returns according to Law No. 91 of 2005 in its legal periods and has paid the tax liability. Further the Company has not been inspected by the tax authorities yet for this period. However, based on the additional claim received from the tax authorities as a result of past inspections, the Group has created additional provision to meet any additional claims that might arise from tax inspection for the years from 2017 onwards.

Payroll tax

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

VAT & Sales tax

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

Stamp duty tax

The stamp duty tax inspection was performed till 2018.

B. Digma for Trading Company

Corporate tax

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

The tax inspection was performed by the Tax Authority for the year from inception till the end of December 31, 2014 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.

For the years from 2015 to 2020, Digma for Trading Company submitted its tax returns on due dates according to Law No. 91 of 2005.

Payroll tax

The tax inspection was performed until December 31, 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 Tax Authority completed the field work for inspection and the difference transferred to internal committee.

For 2020, Digma for Trading Company submitted its quarterly tax returns to tax authority on due dates.

VAT & Sales tax

The tax inspection was performed until December 31, 2015, and the tax resulting from the tax inspection and assessment were settled and paid to Tax Authority.

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Notes to the consolidated financial statements (continued)

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42 Tax position (continued)

B. Digma for Trading Company (continued)

VAT & Sales tax (continued)

For the years from 2016 to 2020, Digma for Trading Company submitted its monthly sales VAT return on due date.

Stamp tax

The tax inspection was performed for the periods from inception till the end of December 31, 2016 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.

For the years 2017 to 2020, Digma for Trading Company paid all tax dues.

C. Edita Confectionary Industries Company

Corporate tax

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

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

Edita Confectionary Industries Company has not been inspected for the years from 2017 to 2020 and has submitted its tax returns to Tax Authority on due dates.

Payroll tax

The payroll tax inspection was performed and fully settled for the years from 2009 to 2019.

VAT & Sales Tax

The tax inspection was performed for the periods from the Company's inception till the end of December 31, 2018 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority. Edita Confectionary Industries Company has not been inspected for 2019 and has submitted its monthly VAT tax return on due dates.

Stamp Tax

The stamp tax inspection was performed from the years from 2009 to 2019 and the tax dues were fully paid to the Tax Authority.

43 Subsequent events

On April 14, 2022, the ordinary general assembly of the Company's shareholders was held, wherein, dividends distribution of EGP 0.277 per share was approved.