

Edita Food Industries S.A.E
The Separate Financial Statements
Together with Auditor's Report
For the Year Ended
December 31, 2022

EDITA FOOD INDUSTRIES S.A.E.

Separate financial statements - For the year ended 31 December 2022

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Translation of Auditor's Report

Originally issued in Arabic

Auditor's Report

To: The Shareholders of Edita Food Industries S.A.E

Report on the Separate Financial Statements

We have audited the accompanying Separate financial statements of Edita Food Industries S.A.E, which are comprised of the Separate financial position as of December 31, 2022, the Separate statements of profit or loss, the other comprehensive income, the cash flows and the change in owner equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These Separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these Separate financial statements in accordance with the Egyptian Accounting Standards, and the prevailing Egyptian laws and regulations and management agreement. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Separate financial statements that are free from material misstatement, whether due to fraud or error; also this responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and in the light of prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Separate financial statements are free from material misstatements.

The company's prior year Separate Financial Statements for the year ended December 31, 2021 were audited by another auditor who issued unqualified audit report dated March 14, 2022.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Separate financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Separate financial statements.

We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Separate financial statements.

Opinion

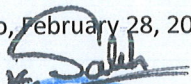
In our opinion, the Separate financial statements referred to above present fairly, in all material respects, the Separate financial position of Edita Food Industries S.A.E as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in accordance with the Egyptian Accounting Standards and the applicable Egyptian laws and regulations related to the preparation of these Separate financial statements.

Report on the Legal Requirements and Other Regulations

The Company maintains proper books of accounts, which include all that is required by the law and by the statutes of the Company, and the accompanying separate financial statements are in agreement therewith. The Company applies proper costing accounts that meets its designated purpose. The inventories were counted by management in accordance with methods in practice and proper methods.

The financial information referred to in the Board of Directors report, is prepared in compliance with the Companies Law No. 159 of 1981 and its executive regulations thereto and is in agreement with the books and records of the Company insofar as such information is recorded therein.

Cairo, February 28, 2023


Kamel M. Saleh FCA
F.E.S.A.A. (R.A.A. 8510)
ERA Register No. "69"

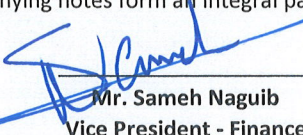


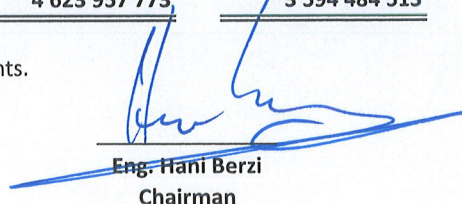
EDITA FOOD INDUSTRIES S.A.E.

Separate Statement Of Financial Position As Of 31 December 2022

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
Non-current assets			
Property, plant and equipment and projects under constructions	(5)	1 872 216 344	1 793 933 679
Intangible assets	(6)	185 533 682	180 713 178
Investments in subsidiaries	(7)	184 674 445	179 774 445
Total non-current assets		2 242 424 471	2 154 421 302
Current assets			
Inventories (net)	(8)	804 189 765	462 742 070
Debtors and other debit balances	(9)	330 175 733	160 890 197
Due from related parties	(10)	109 337 659	23 891 611
Treasury bills	(11)	894 641 441	714 762 453
Cash and bank balances	(12)	243 188 704	77 776 880
Total current assets		2 381 533 302	1 440 063 211
Total assets		4 623 957 773	3 594 484 513
Equity and liabilities			
Equity			
Issued and Paid-up capital	(13)	144 611 688	144 611 688
Legal reserve	(14)	72 536 290	72 536 290
Treasury Shares	(13)	(160 827 557)	--
Retained earnings		2 392 289 206	1 755 460 707
Total equity		2 448 609 627	1 972 608 685
Liabilities			
Non-current liabilities			
Borrowings	(15)	260 499 719	336 325 173
Deferred government grant	(15)	7 125 765	9 897 288
Employee benefit obligations	(16)	33 396 656	24 103 494
Deferred tax liabilities, net	(17)	186 357 278	170 291 006
Total non-current liabilities		487 379 418	540 616 961
Current liabilities			
Provisions	(18)	51 420 223	20 045 431
Bank overdraft	(19)	486 688 869	385 078 699
Trade and Notes Payable	(20)	548 223 717	360 629 623
Creditors Other Credit balances	(21)	176 173 966	115 182 564
Due to related parties	(10)	103 830 983	63 581
Borrowings	(15)	161 934 467	151 524 029
Deferred government grant - Current portion	(15)	4 111 485	4 465 546
Current income tax liabilities	(22)	155 585 018	44 269 394
Total current liabilities		1 687 968 728	1 081 258 867
Total liabilities		2 175 348 146	1 621 875 828
Total equity and liabilities		4 623 957 773	3 594 484 513

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


Mr. Sameh Naguib
Vice President - Finance


Eng. Hani Berzi
Chairman

- Auditor's report attached

EDITA FOOD INDUSTRIES S.A.E.
Separate Statement of Profit or Loss
For the year ended 31 December 2022

<u>Note</u>	<u>31 December</u> <u>2022</u> <u>EGP</u>	<u>31 December</u> <u>2021</u> <u>EGP</u>
Revenue	6 256 686 611	4 291 353 248
Cost of sales (27)	<u>(4 516 041 243)</u>	<u>(3 235 634 009)</u>
Gross profit	1 740 645 368	1 055 719 239
Other income (23)	35 455 441	41 213 033
Other expenses (23)	(15 641 717)	(10 728 383)
Distribution cost (27)	(297 015 214)	(251 537 853)
Administrative expenses (27)	(363 317 266)	(253 594 449)
Inventory write-down provision (8)	(3 504 616)	(1 871 037)
Provisions	(31 765 226)	(4 791 739)
Employee benefit obligations provision (16)	(11 850 024)	(3 413 527)
Interest income (24)	110 848 816	76 166 293
Foreign Exchange Gain	42 007 194	7 096 935
Finance cost (24)	<u>(68 629 019)</u>	<u>(53 974 879)</u>
Profit for the year before tax	1 137 233 737	600 283 633
Income tax expense (25)	<u>(261 236 401)</u>	<u>(137 838 750)</u>
Net profit for the year	<u>875 997 336</u>	<u>462 444 883</u>
Basic earnings per share (26)	<u>1.16</u>	<u>0.64</u>
Diluted earnings per share (26)	<u>1.16</u>	<u>0.64</u>

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

EDITA FOOD INDUSTRIES S.A.E.
Separate Statement of Comprehensive Income
For the year ended 31 December 2022

	31 December 2022	30 December 2021
	<u>EGP</u>	<u>EGP</u>
Net profit for the year	875 997 336	462 444 883
Other Comprehensive Income		
Items that will not be reclassified to profit or loss :-		
Re-measurements of post-employment benefit obligations	1 581 166	(2 476 661)
Income tax relating to this item	--	--
Other comprehensive income/losses for the year	1 581 166	(2 476 661)
Total comprehensive income for the year	877 578 502	459 968 222

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

EDITA FOOD INDUSTRIES S.A.E.
Separate Statement of Changes in Equity
For the year ended 31 December 2022

	Note	Share capital EGP	Legal reserve EGP	Treasury shares EGP	Retained earnings EGP	Total EGP
Balance at 1 January 2021		145 072 580	72 536 290	(22 556 296)	1 500 637 889	1 695 690 463
Change of equity in 2021						
Profit for the year		-	-	-	462 444 883	462 444 883
Re-measurements of post-employment benefit obligations		-	-	-	(2 476 661)	(2 476 661)
Total comprehensive income for the year		-	-	-	459 968 222	459 968 222
Total shareholders transactions						
Write off treasury shares		(460 892)	-	22 556 296	(22 095 404)	-
Dividends distribution for 2020		-	-	-	(183 050 000)	(183 050 000)
Balance at 31 December 2021		<u>144 611 688</u>	<u>72 536 290</u>	<u>-</u>	<u>1 755 460 707</u>	<u>1 972 608 685</u>
Balance at 1 January 2022		144 611 688	72 536 290	-	1 755 460 707	1 972 608 685
Change of equity in 2022						
Profit for the year		-	-	-	875 997 336	875 997 336
Re-measurements of post-employment benefit obligations		-	-	-	1 581 166	1 581 166
Total comprehensive income for the year		-	-	-	877 578 502	877 578 502
Total Shareholders transactions						
Acquisition of Treasury Shares		-	-	(160 827 557)	-	(160 827 557)
Dividends distribution for 2021	(33)	-	-	-	(240 750 000)	(240 750 000)
Balance at 31 December 2022		<u>144 611 688</u>	<u>72 536 290</u>	<u>(160 827 557)</u>	<u>2 392 289 206</u>	<u>2 448 609 627</u>

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

EDITA FOOD INDUSTRIES S.A.E.
Separate Statement of Cash Flows
For the year ended 31 December 2022

	<u>Notes</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
		<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>			
Profit for the year before income tax		1 137 233 737	600 283 633
Adjustments for:			
Provisions	(18)	31 972 963	4 850 374
Provisions no longer required	(18)	(207 737)	(58 635)
Provision for employee benefit obligation	(16)	11 850 024	3 413 527
Interest expenses	(24)	68 629 019	53 974 879
Interest income	(24)	(110 848 816)	(76 166 293)
Depreciation and amortization	(27)	145 475 083	131 337 780
Government grant income	(23)	(4 802 937)	(3 281 728)
write-down of slow moving inventory	(8)	3 504 616	1 871 037
Gain on disposal of property, plant and equipment	(23)	(5 914 974)	(3 004 115)
Foreign exchange (gain)		(42 007 194)	(846 839)
Operating income before changes in working capital		1 234 883 784	712 373 620
<u>Changes in working Capital</u>			
Inventories		(344 186 121)	(216 284 826)
Debtors and other receivables		(169 285 536)	(86 533 114)
Due from related parties		(85 446 048)	(9 300 854)
Trade and other payables		239 077 200	75 015 079
Due to related parties		103 767 402	59 302
Provision utilized	(18)	(390 434)	(10 155 266)
Inventory write-down used	(8)	(766 190)	--
Payment of employee benefits obligation		(975 696)	(1 950 710)
Dividends paid to company's employees		(39 711 294)	(37 038 202)
Cash inflow from operating activities		936 967 067	426 185 029
Interest paid		(63 940 973)	(51 983 131)
Income taxes paid		(131 769 547)	(121 894 692)
Net cash inflow from operating activities		741 256 547	252 307 206
<u>Cash flows from investing activities</u>			
Payment of property, plant and equipment and projects under construction	(5)	(243 701 967)	(175 414 677)
Payment of intangible assets	(6)	(10 703 536)	(15 495 981)
Proceeds from disposal of property, plant and equipment	(5)	42 644 000	4 918 206
Payment for capital increase	(7)	(4 900 000)	--
Interest received		111 923 219	55 695 905
Payment for purchase of treasury bills		(2 212 699 964)	(1 082 861 286)
Proceeds from treasury bills		2 069 590 682	885 252 165
Net cash (outflow) from investing activities		(247 847 566)	(327 905 668)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		66 870 439	158 742 210
Acquisition of Treasury Shares		(160 827 557)	--
Repayment of borrowings		(135 650 209)	(319 797 453)
Payment of dividends		(200 000 000)	(150 000 000)
Net cash outflow from financing activities		(429 607 327)	(311 055 243)
Net increase in cash and cash equivalents		63 801 654	(386 653 705)
Cash and cash equivalents at beginning of the year		(307 301 819)	79 351 887
Cash and cash equivalents at the end of the year	(12)	(243 500 165)	(307 301 818)

The effect of payment of purchase of property, plant, and equipment amounted to EGP 10 901 773 had been eliminated as non cash transaction against the related increase in Trade and other payables.

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

1. General information

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

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

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

The main shareholders are Quantum Investment BV which owns 42.67% of the Company's share capital and the Bank of New York Mellon "depository bank for shares traded in London Stock Exchange" which manages 11.70% of the Company share capital and Kingsway Fund Frontier Consumer Franchises which owns 9.11% of Company's share capital and RIMCO E G T Investment LLC which owns 5.35% of Company's share capital other shareholders owning 28.98% of company's share capital.

These separate financial statements have been approved by the Chairman on 28 February 2023, and the General Assembly of shareholders has the right to amend the separate financial statements after being approved.

2. Accounting policies

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

A. Basis of preparation of the separate financial statements

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

The preparation of separate financial statements in conformity with Egyptian Accounting Standards (EAS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note (4).

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

B. Foreign currency translation

(1) Functional and presentation currency

Items included in the separate financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') (Egyptian Pounds). The separate financial statements are presented in Egyptian Pounds which is the company's functional and presentation currency.

(2) Transaction and balances

Transactions in foreign currency during the period are recognised at the initial recognition with the functional currency of the company on the basis of translation of foreign currency which is the transaction is recorded with using the exchange intraday prevailing rate between the functional currency and the foreign currency at the date of the transaction, as well as monetary items translated or translation of items in foreign currency using the closing rate at the end of each fiscal period. And the company recognizes foreign currency revaluation differences resulting from the settlement of monetary items or for the translation of monetary items - by using the exchange rates different from those used in the translation at initial recognition in the same period or in previous financial statements - and within profit or loss in the period in terms of where these differences arise except when the postponement of the currency translation differences on the nature of the non-monetary items in the other comprehensive income, which is an effective part of the process to cover the net investment in a foreign currency or the effective portion of cash flow to cover the risk.

C. Property, plant, and equipment

The company applies the historical cost model at measuring Property, plant and equipment, all property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition by the company's management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated by using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful lives of assets except land, which is not depreciated.

Buildings	25 years
Machinery	20 years
Vehicles	5 years
Tools & equipment	5 years
Furniture & office equipment	4 – 5 years

Salvage value and useful lives are reviewed and changed if necessary, by the company at the end of each fiscal year.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, and this will be considered as an impairment loss.

Gains and losses on disposals for an item of fixed assets items are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the statement of profit or loss from the disposition of fixed assets.

Projects under construction are stated at cost less realized impairment losses. Cost includes all expenses associated with the acquisition of the asset and make it usable. Depreciation of these assets is determined on the same basis as depreciation of fixed assets when these assets is ready for its intended use.

D. Intangible assets

(1) Trademarks and Know How

Intangible assets (Trademarks & know how) have indefinite useful lives as there is no foreseeable limit on the year of time over which the brands are expected to exist and generate cash flows and are carried at cost less impairment losses. Historical cost includes all expenses associated with the acquisition of an intangible asset,

The trademark and know how is recognized as an indefinite intangible asset as the license is 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 Company 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 food products. The brand remains popular in the Middle East and the Company does not foresee any decline in the foreseeable future.

(2) Computer Software

Separately acquired software licences are shown at cost less the accumulated amortization and the accumulated impairment losses. The Company 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 the 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.

E. Investments in subsidiaries

Investments in subsidiaries is accounted for using the cost method. Investment in subsidiaries in the separate financial statements is stated at cost. The Cost method require recognition of investment at cost and recording of investment income to the extent of dividends distribution received from investee. The subsidiaries are entities controlled by the Company, a subsidiary is separate when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

F. Inventories

Inventories are stated at the lower of cost or net realizable value, The cost is determined on a moving weighted average basis including The cost of finished production and work-in-progress includes all raw materials, direct labor, other direct costs and incremental production costs (based on normal operating rates) and does not include borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. And the provision for obsolete inventory is created in accordance with the management's assessment.

The following basis is used in determining the cost of all the inventories categories:

i. Raw and packaging materials

Cost is determined using the weighted moving average method.

ii. Spare parts

Cost is determined using the weighted moving average method.

iii. Finished products and work in progress

The cost of finished goods and work in progress comprises raw materials, packing materials, direct labor, direct utilities, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost is determined applying the standard cost method, and variances between standard and actual cost are accounted for.

G. Financial instruments

Financial assets and financial liabilities are recognized in the Company's separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in separate statement of profit or loss.

G.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. All recognized financial assets are subsequently measured in their entirety at amortized cost or fair value through other comprehensive or fair value through profit and loss, depending on the classification of the financial assets.

G.1.1 Classification of financial assets

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest rate method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Debt instruments designated at FVTOCI

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to separate statement of profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in separate statement of profit or loss in accordance with EAS 47 unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the separate statement of profit or loss.

G.1.2 Impairment of financial assets

The Company recognizes allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortized cost or at FVTOCI, trade and other receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognizes lifetime ECL for trade and other receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company. For trade receivables, the average credit terms are 30-90 days.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- or
- The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company recognizes an impairment gain or loss in separate statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the separate statement of financial position.

(v) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

G.1.3 Derecognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in separate statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to separate statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to separate statement profit or loss but is transferred to retained earnings.

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

- The contractual rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

G.2 Financial liabilities

All financial liabilities are measured either at FVTPL or at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the separate statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the separate statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in separate statement of comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch separate statement of in profit or loss. The remaining amount of change in the fair value of liability is recognized in separate statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in separate statement of comprehensive income are not subsequently reclassified to separate statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in separate statement of profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities, that are not designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financial guarantee contract obligations

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the owner for a loss incurred because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument.

Financial guarantee obligations are initially measured at their fair value and, if they are not designated at FVTPL and do not arise from the transfer of an asset, are subsequently measured as:

- The amount of the loss allowance determined in accordance with Egyptian Accounting Standard No. (47) see Financial Assets above; and
- The amount initially recognized less, where applicable, the cumulative amortization recognized in accordance with the revenue recognition policies described above.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in separate statement of profit or loss.

H. Cash and cash equivalents

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 that are repayable on demand which is characterized by fluctuating bank balance from a positive balance to an overdraft balance , bank overdrafts are shown in current liabilities in the separate statement of financial position.

I. Share capital

Ordinary shares are classified as equity, special expenses directly attributable to the issuance of ordinary shares or equity instruments appear as a net amount after deduction of tax from their returns.

I.1 Ordinary shares

Ordinary shares are classified as equity. The bonus shares and rights issued during the year are shown as an addition to the share capital. Issue of bonus shares are deducted from the accumulated retained earnings of the Company. Any share premium on rights issue is accounted in compliance with local statutory requirements.

I.1 Dividends on ordinary share capital

Dividend distributions to the Company's shareholders are recognized as a liability in the separate financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that are approved after the reporting date of the separate financial statements are considered as an event after the reporting date.

J. Treasury Shares

When the company re-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.

K. Borrowings 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.

The amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those Loans.

The Company recognizes all other borrowing costs in profit or loss in the period in which they are incurred.

L. Current and deferred income tax

The company recognizes the tax expense for the period, comprises current and deferred tax. In the statement of 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management Annually evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax is not accounted for if it arises from initial recognition of goodwill 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 assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the company the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

M. Employee benefits

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(1) Pension obligations

Defined contribution plan

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plan

The Company has a defined benefit plan which is a plan that defines an amount of benefits to be provided in the form of half month payment for each period they had worked for the Company 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 Company only.
- The working period must be not less than ten years.
- The maximum contribution is 12 months' salary.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government bonds, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to retirement plans are recognized in other comprehensive income.

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

(2) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Egyptian accounting standard no (28) and involves the payment of termination 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. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(3) Profit-sharing and bonus plans

The company 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 company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

N. Provisions

Provisions are recognised when the Company 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. The Company recognizes the necessary commitments for restructuring and non-related activities of the Company in the provision for restructuring costs.

Contingent liability is a present obligation that arises from past events but is not recognized because it is not probable that an out flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed in the separate financial statement and not recognized.

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 as a whole. 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 and it is expected for the outflow of resources is necessary to settle all the elements of commitment.

When the time value of money assumption is significant, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss.

When it is expected to re-charge some or all required expenses to settle a provision to a third party outside the company, the Company recognize the recovered amount when it is certain that the recovery will take place if the company has to settle the obligation and treats recovery as a separate asset in the statement of financial position, and shall not exceed the value that is recognized to recover the amount of the provision.

O. Revenue recognition

Revenue is measured in accordance with the new Egyptian Standard No. (48) "Revenue from contracts with customers" on the basis of the consideration specified in the contract with the customer. The Company 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 company 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 company 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 company will allocate the transaction price to each performance obligation in an amount depicts the amount of consideration to which the company 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 company fulfills 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:

- a) The entity has a present right to payment for the asset.
- b) The customer has legal title to the asset.
- c) The entity has transferred physical possession of the asset.
- d) The customer has the significant risks and rewards of ownership of the asset.
- e) The customer has accepted the asset.

P. Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount.

Q. Dividend income

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

R. Export subsidy

The Company obtains a subsidy against exporting some of its production. The subsidy is calculated based on a percentage from the total exports invoices determined by the Export Development Fund related to the Commercial and Industry Ministry. Export subsidy is recognized in the statement of profit or loss as other income after meeting all required criteria.

S. Dividends distribution

Dividend distribution is recorded in the company's separate financial statements in the period in which they are approved by the Company's General assembly of Shareholders.

T. Government Grants

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 over the period necessary to match them with the costs that they are intended to compensate.

U. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for the Company. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer for the company.

3. Financial risk management

(1) Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's efforts are addressed to minimize potential adverse effects of such risks on the company's financial performance.

EDITA FOOD INDUSTRIES S.A.E.

Notes to the separate financial statements - For the year ended 31 December 2022

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

The company does not use any derivative financial instruments to cover specific risk.

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	The group maintain short term foreign currency cash that is used to finance foreign currency liquidity needs
Market risk – interest rate	Long-term borrowing at variable rates	Sensitivity analysis	Investment in short term 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-collect investments	Aging analysis. Credit ratings	Diversification of bank deposits, credit limits and governmental treasury bills
Liquidity risk	Loans and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

A. Market risk

i. Foreign exchange risk

The company 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 at financial position date and net investments in foreign operations.

The Company 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:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Amounts recognized in profit or loss		
Net foreign exchange gain	42 007 194	7 096 935
Total	<u>42 007 194</u>	<u>7 096 935</u>

The following table shows the currencies position denominated in Egyptian Pounds at the date of the separate statement of financial position.

	<u>31 December 2022</u>		<u>31 December 2021</u>	
	Assets	Liabilities	Net	Net
Euros	33 094 542	(91 779 375)	(58 684 833)	30 222 304
US Dollars	314 625 145	(95 007 753)	219 617 392	(40 190 417)
GBP	8 701	(159 387)	(150 686)	--

EDITA FOOD INDUSTRIES S.A.E.**Notes to the separate financial statements - For the year ended 31 December 2022**

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

On 31 December 2022, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, profit for the year would change by have been EGP 5 868 483 (31 December 2021: EGP 3 022 230) higher / lower, mainly as a result of foreign exchange losses /gains on translation of Euro-denominated financial assets and liabilities.

On 31 December 2022, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been changed by EGP 21 961 739 (31 December 2021: EGP 4 019 042) lower, mainly as a result of foreign exchange losses on translation of US dollar-denominated assets and liabilities.

On 31 December 2022, if the Egyptian Pounds had weakened / strengthened by 10% against the GBP with all other variables held constant, profit for the year would have been changed by EGP 15 069 (31 December 2021: null) lower, mainly as a result of foreign exchange losses on translation of US dollar-denominated assets and liabilities.

ii. Price risk

The Company has no investment in quoted equity securities, so it's not exposed to the fair value risk due to changes in the prices.

iii. Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term Loans. Loans issued at variable rates expose the Company to cash flow interest rate risk. Which is partially offset by short term time deposits which are renewed with the applicable interest rate at the time of renewal. Loans measured at amortized cost with fixed rates do not expose the Company to fair value interest rate risk.

At 31 December 2022, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 1% higher/lower with all other variables held constant, profit for the year would have been changed EGP 5 868 121 (31 December 2021: EGP 5 982 339) lower/higher, mainly as a result of higher/lower interest expense on floating rate Loans

Borrowing at separate statement of financial position date as of 31 December 2022 with variable interest rate amounted to EGP 100 123 228 (31 December 2021: EGP 214 135 081).

Overdraft at the statement of financial position date as of 31 December 2022 amounted to EGP 486 688 869 (31 December 2021: EGP 385 078 699).

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

	2022		2021	
	Amount	% of total loans	Amount	% of total loans
Variable rate borrowings	100 123 228	24%	214 135 081	44%
Fixed rate borrowings	322 310 958	76%	273 714 121	56%
Total	422 434 186	100%	487 849 202	100%

B. Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, treasury bills, as well as credit exposures to wholesalers and retail customers, including outstanding accounts and notes receivables.

For banks and financial institutions, the Company is dealing with the banks which have a high independent rating and banks and financial institutions with a good reputation and subject to supervision of the Central Bank of Egypt.

For the wholesalers, the Credit Controllers assess the credit quality of the wholesale customer, taking into account its financial position, and their market reputation, past experience and other factors. Sales of the company are for a major customer (Digma for Trading – company’s subsidiary), which represent 90% of total company’s sales.

For Treasury bills, the Company deals with governments, which are considered with a high credit rating (Egypt B+).

The deposits with others are deposits with the government which are considered with a high credit rating (Egypt B+)

The maximum exposure to credit risk is the amount of receivables and the intercompany receivable, treasury bills as well as the cash and cash equivalents.

The Group exposure to expected credit loss was quantified and it is immaterial.

C. Credit quality of financial assets

Trade receivables

Counter parties without external credit rating:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade receivables	23 712 083	--
Total	23 712 083	--

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due from settlement within 90 days.

Outstanding trade receivables are current and not past due.

Cash at bank and short-term bank deposits:

All cash balances are deposited at banks that are subject to the supervision of the Central Bank of Egypt.

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+
Citibank Egypt	A+
National Bank of Egypt (NBE)	B+

D. Liquidity risk

Management monitors rolling forecasts of the company'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 Company does not breach borrowing limits or covenants) on any of its borrowing facilities. Such forecasting takes into consideration the company debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at 31 December 2022 and 31 December 2021 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
31 December 2022				
Borrowings	78 427 091	83 507 376	87 334 946	173 164 773
Future interest payments	9 505 596	25 258 261	33 111 864	16 593 853
Trade and other payables	694 542 751	--	--	--
Due to related parties	103 830 983	--	--	--
Bank overdraft	486 688 869	--	--	--
Notes payable	50 536 622	--	--	--
Total	1 423 531 912	108 765 637	120 446 810	189 758 626
31 December 2021				
Borrowings	75 314 545	76 209 484	105 196 673	231 128 500
Future interest payments	16 301 750	22 314 269	36 237 808	53 035 419
Trade and other payables	384 379 474	--	--	--
Due to related parties	63 581	--	--	--
Bank overdraft	385 078 699	--	--	--
Notes payable	39 166 376	--	--	--
Total	900 304 425	98 523 753	141 434 481	284 163 919

The amount of unused credit facility is 1 121 266 199 as of 31 December 2022 (31 December 2021: EGP 578 453 000).

(2) Capital management

The company's objectives when managing capital are to safeguard the company's 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 an optimum, the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The gearing ratio on 31 December 2022 and 31 December 2021 were as follows:

Description	31 December 2022	31 December 2021
Total Borrowings	422 434 186	487 849 202
Bank Overdraft	486 688 869	385 078 699
Total borrowings and overdraft	909 123 055	872 927 901
Less: Cash and bank balances	(243 188 704)	(77 776 880)
Net debt	665 934 351	795 151 021
Total equity	2 448 609 627	1 972 608 685
Total capital	3 114 543 978	2 767 759 706
Gearing ratio	21%	29%

The decrease in the gearing ratio mainly results from the decrease in Borrowings and increase in cash during the year.

Loan covenants:

Under the terms of the major borrowing facilities, the Company 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

As of 31 December 2022, the company was in compliance with the debt covenants.

(3) 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 estimates by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

4. Critical accounting estimates and judgments

(1) Critical accounting estimates and judgments

Judgments and estimates are assessed on an ongoing basis based on past experience and other elements, including future events that are expected to occur and are appropriate to those circumstances.

The company makes estimates and assumptions about the future. The results of accounting estimates are rarely equal to the actual results.

Impairment of infinite life intangible assets (Trademark & Know How)

The Company 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 in use calculations which require the use of assumptions (Note 6).

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 Company determines the appropriate discount rate of cash flows at the end of each financial period. 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 Company considers the discount rate at the end of the financial period on market returns on the government bonds denominated in the currency and the period estimated for the defined benefits obligations.

Note (16) shows the main assumptions used to estimate the employees' benefit obligation.

Provisions

In respect of provisions including decommissioning provision, the Company provides for anticipated outflows of resources considered probable. Estimates are used in assessing the likely amount of the settlement. The ultimate liability may vary from the amounts provided and would be dependent on the eventual outcome. See Note 18 for details. Provisions are recognized by discounting the expected future cash flows at a current pre-tax rate that reflects the risks specific to the liability. The amortization of the discount is recognized as a finance cost in the consolidated statement of profit or loss.

Useful lives for property and equipment

The annual depreciation and amortization charge is sensitive to the estimated lives allocated to each type of asset. Assets lives are assessed annually and changed where necessary to reflect current circumstances in light of technological change, network investment plans and physical conditions of the assets concerned.

Write-down in inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. The Company believes that sufficient taxable profit will be available to allow or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(2) Critical accounting estimates and judgments in applying the Company's policies

Recognition of revenue

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

- a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Principal versus agent

Significant judgments are made by management when concluding whether the Company is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Company. The assessment requires an analysis of key indicators, specifically whether the Company:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Company has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Company, not on consignment, is a strong indicator that the Company is acting as a principal.

5. Property, plant and equipment and projects under constructions

	Land	Buildings	Machinery and Equipment	Vehicles	Tools & Equipment	Furniture and Office Equipment	Projects under construction	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost								
January 1, 2021	120 908 260	839 196 376	1 133 303 955	44 426 880	157 176 118	79 446 054	157 536 207	2 531 993 850
Transferred from projects under constructions	-	782 430	166 313 061	-	23 716 593	5 907 205	(197 874 873)	(1 155 584)
Additions	-	-	369 549	3 872 074	7 087 721	3 079 793	121 807 707	136 216 844
Disposals	-	-	(66 264)	(5 687 339)	(677 266)	(402 469)	-	(6 833 338)
Cost as of December 31, 2021	120 908 260	839 978 806	1 299 920 301	42 611 615	187 303 166	88 030 583	81 469 041	2 660 221 772
Accumulated depreciation								
January 1, 2021	-	(172 406 611)	(388 237 953)	(22 507 702)	(93 598 033)	(65 610 227)	-	(742 360 526)
Depreciation for the year	-	(33 519 201)	(60 076 215)	(6 710 339)	(21 489 395)	(7 051 664)	-	(128 846 814)
Accumulated depreciation of disposals	-	-	22 113	3 829 917	665 168	402 049	-	4 919 247
As of December 31, 2021	-	(205 925 812)	(448 292 055)	(25 388 124)	(114 422 260)	(72 259 842)	-	(866 288 093)
Net book value as of December 31, 2021	120 908 260	634 052 994	851 628 246	17 223 491	72 880 906	15 770 741	81 469 041	1 793 933 679
Cost as of January 1, 2022	120 908 260	839 978 806	1 299 920 301	42 611 615	187 303 166	88 030 583	81 469 041	2 660 221 772
Transferred from projects under constructions	-	19 923 043	218 817 458	-	25 047 275	4 582 963	(279 074 273)	(10 703 534)
Additions	-	-	2 124 681	12 772 051	15 262 647	6 678 445	228 469 452	265 307 276
Disposals	(14 194 133)	(827 195)	(18 262 325)	(7 333 298)	(2 824 973)	(54 213)	(11,424,715)	(54 920 852)
Cost as of December 31, 2022	106 714 127	859 074 654	1 502 600 115	48 050 368	224 788 115	99 237 778	19 439 505	2 859 904 662
Accumulated depreciation								
As of January 1, 2022	-	(205 925 812)	(448 292 055)	(25 388 124)	(114 422 260)	(72 259 842)	-	(866 288 093)
Depreciation for the year	-	(33 622 393)	(64 576 469)	(7 694 308)	(25 776 671)	(7 922 210)	-	(139 592 051)
Accumulated depreciation of disposals	-	143,380.00	11 568 483	6 022 288	403 462	54 213	-	18,191 826
As of December 31, 2022	-	(239 404 825)	(501 300 041)	(27 060 144)	(139 795 469)	(80 127 839)	-	(987 688 318)
Net book value as of December 31, 2022	106 714 127	619 669 829	1 001 300 074	20 990 224	84 992 646	19 109 939	19 439 505	1 872 216 344

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Notes to the separate financial statements - For the year ended 31 December 2022

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

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Charged to cost of sales	122 125 045	112 458 821
Charged to administrative expenses	17 197 004	16 073 619
Charged to distribution costs	270 002	314 374
	<u>139 592 051</u>	<u>128 846 814</u>

The project under construction represents the following Categories:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Buildings	332 421	7 906 544
Machinery and equipment	11 311 744	53 525 582
Tools and equipment	5 211 025	14 124 258
Technical and other installations	2 584 315	5 912 657
	<u>19 439 505</u>	<u>81 469 041</u>

*The capitalized interest for the year ended December 31, 2022 is 2 000 520 (31 December 2021: 296 404)

Cash flow statement

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Net book value of the assets disposed	36 729 026	1 914 091
Losses / gain on sale of property, plant and equipment Note (23)	5 914 974	3 004 115
	<u>42 644 000</u>	<u>4 918 206</u>

6. Intangible assets

	<u>31 December 2022</u>			
	<u>Trademark (A)</u>	<u>Know how (B)</u>	<u>Software (C)</u>	<u>Total</u>
Cost	131 480 647	31 430 995	22 923 203	185 834 845
Accumulated Amortization	--	--	(5 121 667)	(5 121 667)
Transfer from PUC	--	--	10 703 536	10 703 536
Amortisation for the year	--	--	(5 883 032)	(5 883 032)
Balance as of	131 480 647	31 430 995	22 622 040	185 533 682

	<u>31 December 2021</u>			
	<u>Trademark (A)</u>	<u>Know how (B)</u>	<u>Software (C)</u>	<u>Total</u>
Cost	131 480 647	31 430 995	6 271 638	169 183 280
Accumulated Amortization	--	--	(2 630 701)	(2 630 701)
Transfer from PUC	--	--	1 155 584	1 155 584
Additions	--	--	15 495 981	15 495 981
Amortisation for the year	--	--	(2 490 966)	(2 490 966)
Balance as of	131 480 647	31 430 995	17 801 536	180 713 178

Intangible assets (continued)

A. Trademark

	Trademark	
	(HOHOS, Twinkies & Tiger Tail)	
	31 December 2022	31 December 2021
Cost		
Opening Balance	131 480 647	131 480 647
Balance as of	131 480 647	131 480 647

The intangible assets in the amount of ten million US Dollars equivalent to EGP 68 618 658 paid against buying all the rights to the trademarks (HOHOS, Twinkies & Tiger Tail) and the consequences of this acquisition of the trademark in the countries of Egypt, Jordan, Libya and Palestine these rights do not have a finite life, and on the 16th of April 2015 the Company had signed a new contract for expanding the scope of the rights to the trademarks (Hohos, Twinkies, and Tiger Tail) to include Algeria, Bahrain,, Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, United Arab Emirates and this trademarks have infinite useful lives, and the this is against USD 8 Million equivalent to EGP 62 861 989.

B. Know how

	Know How	
	31 December 2022	31 December 2021
	Cost	
Opening Balance	31 430 995	31 430 995
Balance as of	31 430 995	31 430 995

On the 16 April 2015 the Company had signed a "License and Technical Assistance Agreement" with the owner of the know-how with purpose to acquire the license, know-how and technical assistance for some Hostess Brands products in the countries Egypt, Libya, Palestine, Jordan, Algeria, Bahrain, Iraq, Jordan, Lebanon, Kuwait, Morocco, Oman, Qatar, Kingdom of Saudi Arabia, Syria, Tunisia, and the United Arab Emirates, and this is against an amount of USD 4 Million equivalent to EGP 31 430 995.

C. Software

	Software	
	31 December 2022	31 December 2021
	Cost	
Opening balance	17 801 536	3 640 937
Transfer from PUC	10 703 536	1 155 584
Additions for the year	-	15 495 981
Amortization expense for the year	(5 883 032)	(2 490 966)
Balance as of	22 622 040	17 801 536

D. Impairment test for infinite life intangible assets

Infinite life intangible assets are monitored by management at the level of cake segment – cash generating unit.

E. Recoverable amount of cake segment

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 each 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.

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

Assumptions used by the Group when testing the impairment of intangible assets as of 31 December 2022 as follows:

	2022
Average gross margin	31%
Sales growth rate	20%
Pre-tax discount rate	15.5%
Terminal growth rate	5%

Management has determined the value assigned to each of the above key assumptions.

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. At the statement of financial position 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%. If all other assumptions kept the same, a reduction of this growth rate by 100% would give a value in use exceed the current carrying amount.

The discount rate in the forecast period has been estimated to be 15.5%. If all other assumptions kept the same, and the discount rate is 25% would give a value in use exceed the current carrying amount.

At 31 December 2022, if the gross profit rate had increased / decreased by 1% with all other variables held constant, the recoverable amount is higher than the carrying amount, therefore there will be no need to make an impairment.

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7. Investments in subsidiaries

	<u>Country of Incorporation</u>	<u>% Interest held</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Digma for Trading Company	Egypt	99.80%	44 939 639	44 939 639
Edita Confectionary Industries*	Egypt	99.98%	134 820 782	134 820 782
Edita Participation Ltd.	Cyprus	100%	14 024	14 024
Edita Holding for Investments **	Egypt	98%	4 900 000	—
Balance at			<u>184 674 445</u>	<u>179 774 445</u>

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

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

8. Inventories (net)

	<u>31 December 2022</u>	<u>31 December 2021</u>
Raw and packaging materials	710 716 838	396 817 986
Spare parts	35 395 312	32 291 561
Work in process	24 863 693	18 758 526
Consumables	11 118 358	5 744 987
Finished goods	28 571 569	12 866 589
Total	<u>810 665 770</u>	<u>466 479 649</u>
Less: write-down for slow moving and obsolete inventory	(6 476 005)	(3 737 579)
Net	<u>804 189 765</u>	<u>462 742 070</u>

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

Write-down for slow moving and obsolete inventory

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance on 1 January	3 737 579	2 425 868
Charged during the year	3 504 616	1 871 037
Utilized during the year	(766 190)	(559 326)
Ending Balance as of	<u>6 476 005</u>	<u>3 737 579</u>

The cost of inventory recognized as an expense and included in cost of sales amounted to EGP 3 714 495 191 during the year ended 31 December 2021 (2021: EGP 2 560 689 756).

9. Debtors and other debit balances

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade Receivables	23 712 083	--
Advances to suppliers	262 660 123	93 041 074
Prepaid expenses	11 848 876	37 732 474
Deposits with others	14 047 055	12 752 642
Export subsidies grant receivable	2 223 678	10 187 538
Other current assets	11 502 597	6 353 628
Value added tax – receivables	--	479 190
Letters of credit	4 081 148	231 829
Employee loans	100 173	111 822
Total	<u>330 175 733</u>	<u>160 890 197</u>

10. Related parties

The company entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS (15), "Disclosure of related parties". The related parties comprise the company's 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 Company 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 the date of the financial statements.

a. Due from related parties

	<u>31 December 2022</u>	<u>31 December 2021</u>
Edita Participation Ltd.	31 851 019	9 308 274
Digma Company for Trading	--	10 705 655
Edita Food Industries Morocco.	77 436 640	3 877 682
Edita Confectionary Industries	50 000	-
Total	<u>109 337 659</u>	<u>23 891 611</u>

b. Due to related parties

	<u>31 December 2022</u>	<u>31 December 2021</u>
Edita Confectionary Industries	--	63 581
Digma for Trading Company (Advances to customers)	103 830 983	--
Total	<u>103 830 983</u>	<u>63 581</u>

The following transactions were carried out with related parties:

1. Edita Confectionary Industries

The nature of transaction during the year ended 31 December 2022 is represented in payment on behalf amounted to 513 129, money transfer amounted to 550 776 and sale of raw material amounting to 151 228 EGP (31 December 2021: payment on behalf : 334 087 EGP, money transfers: 4 269 959 EGP and sale of raw material: 4 793 285 EGP)

Edita Confectionary Industries is considered a related party as the Company is the main shareholder in Edita Confectionary Industries.

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

2. Edita Participation Ltd

During the year, the nature of transaction for the year ended 31 December 2022 was revaluation for foreign currency amounting to EGP 7 832 456 (2021: EGP 10 479) and payment on behalf amounting to EGP 14 710 288 (2021: EGP 1 588 490) and money transfer is null in 2022 (2021: EGP 26 614).

3. Digma for Trading Company S.A.E.

Digma for Trading is handling the distribution of all the company's products in local market. The total sales to Digma for Trading during the year ended 31 December 2022 amounted to EGP 5 974 035 273 tax inclusive (31 December 2021: EGP 4 189 354 304), money transfer amounted to EGP 6 087 392 788 (31 December 2021: EGP 4 188 249 665), payment on behalf amounted to EGP 1 650 123 (31 December 2021: EGP 2 893 353) and rental amounted to EGP 471 000 (31 December 2021: EGP 471 000).

Digma for Trading is considered a related party as the company is the main shareholder in Digma for Trading.

4. Edita Food Industries Morocco

The nature of transaction during the year ended 31 December 2022 is represented in sale of fixed assets to Edita food industries Morocco amounted to EGP 15 190 471. where the company's gains on the sale of those fixed assets amounted to EGP 3 645 844, sales of finished goods amounted to EGP 46 553 176 (2021: null), payment on behalf amounted to EGP 319 234 (2021: null) and foreign currency amounted 12 134 545 (2021: null) .

5. La Marocaine De Distribution De Logistiquis (Dislog S.A)

The nature of transaction during the year ended 31 December 2022 is represented in sale of finished goods amounting to EGP Nil (31 December 2021: EGP 4 434 325).

La Marocaine De Distribution De Logistiquis (Dislog S.A) is considered a related party as the Company is the shareholder in Edita Food Industries Morocco.

c. Key management compensation

During the year ended 31 December 2022, the Company paid an amount of EGP 130 720 019 as salaries to the key management members (31 December 2021: EGP 81 099 431).

11. Treasury bills

	<u>31 December 2022</u>	<u>31 December 2021</u>
Treasury bills par value		
31 Days maturity	86 000 000	--
91 Days maturity	685 000 000	177 650 000
250- 364 Days maturity	150 000 000	572 400 000
	921 000 000	750 050 000
Unearned interest	(48 876 540)	(60 212 974)
Amount of treasury bills paid	872 123 460	689 837 026
Interest income recognized to profit or loss	22 517 981	24 925 427
Treasury bills balance	894 641 441	714 762 453

The average effective interest rate related to treasury bills is 14.07%.

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

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

12. Cash and banks balances

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash on hand	987 723	965 314
Cash at banks	39 124 136	1 021 726
Time Deposits	203 076 845	75 789 840
Cash and bank balances	<u>243 188 704</u>	<u>77 776 880</u>

The average rate on time deposit is 4.38% with a maturity of less than one month.

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash and bank balances	243 188 704	77 776 880
Bank overdraft (Note 19)	(486 688 869)	(385 078 699)
Total	<u>(243 500 165)</u>	<u>(307 301 819)</u>

Non-cash Investing and Finance Activities

- Transfer to Property, plant, and equipment from projects under construction (Refer note 5)
- Purchase of fixed assets on credit (Refer note 20)

13. Issued and paid-up capital

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

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

<u>Shareholders</u>	<u>No. of shares</u>	<u>Shares value</u>	<u>Percentage of ownership</u>
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%
	<u>362 681 450</u>	<u>72 536 290</u>	<u>100%</u>

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

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

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Then the issued and paid-up capital amounted to EGP 144 611 688 (par value EGP 0.2 per share) is distributed as follow as of 31 December 2022

Shareholders	No. of shares	Shares value	Percentage of ownership
Quantum Investment BV	308 527 188	61 705 438	42.67%
The Bank of New York Mellon "depository bank for shares traded in London Stock Exchange"	84 594 650	16 918 930	11.70%
Kingsway Fund Frontier Consumer Franchises	65 896 445	13 179 289	9.11%
RIMCO E G T Investment LLC	38 685 105	7 737 021	5.35%
Treasury Shares	15 814 199	3 162 840	2.19%
Others (Public stocks)	209 540 852	41 908 170	28.98%
	723 058 439	144 611 688	100%

The issued and paid-up capital amounted to EGP 144 611 688 (par value EGP 0.2 per share) is distributed as follow as of 31 December 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%

Treasury shares

According to Board of Director resolution on 5 April 2022 and 15 August 2022, the group purchased 15 814 199 shares from the stock market and held in treasury for a total consideration of EGP 160 827 557, the consideration paid has been accounted for as a reserve in the statement of shareholders' Equity.

14. Legal reserve

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

15. Borrowings

	31 December 2022			31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Second loan	--	--	--	9 221 688	-	9 221 688
Third loan	--	--	--	16 044 582	-	16 044 582
Fourth loan	40 000 000	20 000 000	60 000 000	40 050 000	60 000 000	100 050 000
Sixth loan	40 123 228	--	40 123 228	63 602 811	25 216 000	88 818 811
Seventh loan	34 762 943	40 702 977	75 465 920	9 567 069	78 616 366	88 183 435
Eighth Loan	15 258 754	83 857 170	99 115 924	12 935 925	57 904 510	70 840 435
Ninth loan	14 122 163	75 209 377	89 331 540	75 198	61 763 341	61 838 539
Tenth Loan	17 667 379	40 730 195	58 397 574	26 756	52 824 956	52 851 712
Total	161 934 467	260 499 719	422 434 186	151 524 029	336 325 173	487 849 202

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance due within 1 year	161 443 239	150 333 992
Accrued interest	491 228	1 190 037
Total	<u>161 934 467</u>	<u>151 524 029</u>

Borrower	Type of debt	Guaranties	Currency	Tenure	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 185,000,000	EGP/USD	7 years with first installment in Jan 2016	1% above mid corridor rate of Central Bank of Egypt and 2.5% above the Libor rate 3 months.
Second loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 90,000,000	EGP	7 years with first installment in April 2017	1 % above lending rate of Central Bank of Egypt.
Third loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 202,234,888	EGP/USD	7 years with first installment in April 2017	1% above mid corridor rate of Central Bank of Egypt and 4.5% above the Libor rate 1 month.
Fourth loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 220,000,000 and 6,000,000 Euro	EGP/USD	7 years with first installment in May 2017	0.5% above mid corridor rate of Central Bank of Egypt and average 4% above USD Libor rate 6 months.
Fifth loan	Loan		USD	4 years with the first installment in Sep 2018	3.85% above the USD Libor rate 3 months.
Sixth loan	Loan		USD		4% above the USD Libor rate 6 months.
Seventh loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in Nov 2022	8 %
Eighth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in June 2022	8 %
Ninth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	7 years with first installment in Sep 2023	8 %
Tenth loan	Loan		EGP	7 years with first installment in July 2023	8%

Deferred government grant

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

The Deferred government grants is according to the following schedule:

	<u>31 December 2022</u>			<u>31 December 2021</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Seventh loan	2 281 071	4 057 431	6 338 502	2 517 521	4 931 993	7 449 514
Eighth loan	861 078	1 415 991	2 277 069	1 055 416	2 277 069	3 332 485
Ninth loan	588 420	1 200 392	1 788 812	497 621	1 476 828	1 974 449
Tenth loan	380 916	451 951	832 867	394 988	1 211 398	1 606 386
	<u>4 111 485</u>	<u>7 125 765</u>	<u>11 237 250</u>	<u>4 465 546</u>	<u>9 897 288</u>	<u>14 362 834</u>

16. Employee retirement benefit obligations

Employees of the company are entitled upon their retirement to get benefit 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 annually by using the projected credit unit method takes into consideration the principal actuarial assumptions as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Discount rate	15.5%	14.5%
Average salary increase rate	15%	10%
Turnover rate	16%	20%
Life table	49-52	49-52

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Present value of obligations	33 396 656	24 103 494
Liability at the statement of financial position	33 396 656	24 103 494

Movement in the liability recognized in the separate statement of financial position:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance at beginning of the year	24 103 494	20 164 016
Interest expenses	3 736 042	2 923 783
Current service cost	8 113 982	489 744
Total amount recognised in profit or loss	11 850 024	3 413 527
Remeasurements: -		
Loss from change in assumptions	(1 581 166)	2 476 661
Total amount recognized in other comprehensive income	(1 581 166)	2 476 661
Paid during the year	(975 696)	(1 950 710)
Balance at end of the year	33 396 656	24 103 494

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%	Decrease by 5%	Increase by 5%
Salary increase	0.5%	Increase by 5%	Decrease by 5%
Mortality age	1%	Increase by 10%	Decrease by 9%

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 separate statement of financial position.

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17. Deferred tax liabilities, net

Deferred income taxes represent tax expenses on the temporary differences between the tax basis of assets and liabilities and their carrying amounts in the separate financial statements.

	Fixed assets depreciation	Other Provisions	Unrealized foreign exchange loss	Net deferred tax liabilities	
				31 December 2022	31 December 2021
A. <u>Deferred tax assets</u>					
Balance on 1 January	--	6 624 087	4 377 750	11 001 837	7 265 930
Charged to separate statement of profit or loss	--	9 581 394	3 464 243	13 045 637	3 735 907
Ending balance as of	--	16 205 481	7 841 993	24 047 474	11 001 837
B. <u>Deferred tax liabilities</u>					
Balance on 1 January	(181 292 843)	--	--	(181 292 843)	(160 848 777)
Charged to separate statement of profit or loss	(29 111 909)	--	--	(29 111 909)	(20 444 066)
Ending balance as of	(210 404 752)	--	--	(210 404 752)	(181 292 843)
Net deferred tax liabilities	(210 404 752)	16 205 481	7 841 993	(186 357 278)	(170 291 006)
Balance on 1 January	(181 292 843)	6 624 087	4 377 750	(170 291 006)	(153 582 847)
Charged to statement of profit or loss (Note 25)	(29 111 909)	9 581 394	3 464 243	(16 066 272)	(16 708 159)
Net deferred tax liabilities	(210 404 752)	16 205 481	7 841 993	(186 357 278)	(170 291 006)

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18. Provisions

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance on 1 January	20 045 431	25 408 958
Charged during the year	31 972 963	4 850 374
Utilized during the year	(390 434)	(10 155 266)
No longer required	(207 737)	(58 635)
Ending Balance as of	<u>51 420 223</u>	<u>20 045 431</u>

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

19. Bank overdrafts

	<u>31 December 2022</u>	<u>31 December 2021</u>
Bank overdraft	486 688 869	385 078 699
Total	<u>486 688 869</u>	<u>385 078 699</u>

Bank overdraft is an integral part of the Company's cash management to finance its working capital. The average interest rate for bank overdraft was 8.23% as of 31 December 2022 (31 December 2021: 8.05 %).

20. Trade and notes payables

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade payables	461 805 980	296 483 194
Payables from purchase of property, plant, and equipment	35 881 115	24 980 053
Notes payable	50 536 622	39 166 376
Total	<u>548 223 717</u>	<u>360 629 623</u>

21. Creditors and other credit balances

	<u>31 December 2022</u>	<u>31 December 2021</u>
Taxes payable	51 946 584	34 345 734
Accrued expenses	60 313 045	36 707 841
Other credit balances	25 841 164	21 607 516
Social insurance	4 566 778	4 240 653
Advances from customers	27 347 158	13 679 950
Dividends payable	1 038 706	932 364
Deposits from others	5 120 531	3 668 506
Total	<u>176 173 966</u>	<u>115 182 564</u>

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

22. Current income tax liabilities

	<u>31 December 2022</u>	<u>31 December 2021</u>
Balance on 1 January	44 269 394	47 582 698
Income tax paid during the year	(42 184 437)	(48 319 265)
Withholding tax receivable	(7 167 009)	(5 022 384)
Income tax for the year (Note 25)	225 024 215	121 130 591
Corporate income tax – advances	(60 939 144)	(58 267 500)
Tax on Treasury bills	(2 084 957)	(10 285 543)
Accrued interest – advances	(1 333 044)	(2 549 203)
Balance as of	<u>155 585 018</u>	<u>44 269 394</u>

23. Other income / (Expense)

	<u>31 December 2022</u>	<u>31 December 2021</u>
Export subsidies	20 805 217	29 904 977
Gain on disposal of property, plant, and equipment	5 914 974	3 004 115
Other income	3 932 313	5 022 213
Income from Government grant	4 802 937	3 281 728
Other Income	<u>35 455 441</u>	<u>41 213 033</u>
Solidarity contribution	(15 641 717)	(10 728 383)
Other Expenses	<u>(15 641 717)</u>	<u>(10 728 383)</u>
Total Net – Other Income	<u>19 813 724</u>	<u>30 484 650</u>

24. Finance income / (cost) – net

	<u>31 December 2022</u>	<u>31 December 2021</u>
Finance income		
Interest income	109 515 772	73 617 090
Interest income – Corporate tax advance payments	1 333 044	2 549 203
	<u>110 848 816</u>	<u>76 166 293</u>
Finance cost		
Interest expenses	(68 629 019)	(53 974 879)
	<u>(68 629 019)</u>	<u>(53 974 879)</u>
Finance Income – net	<u>42 219 797</u>	<u>22 191 414</u>

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25. Income tax expense

The Company is subject to the corporate income tax according to tax law No. 91 of 2005 and its amendments at tax law 96 of 2015.

	<u>31 December 2022</u>	<u>31 December 2021</u>
Current income tax for the year	225 024 215	108 023 195
Deferred tax expense	16 066 273	16 708 159
Withholding tax – Treasury bills	20 145 913	13 107 396
Total	261 236 401	137 838 750
Profit before tax	1 137 233 737	600 283 633
Tax calculated based on applicable tax rates	255 877 591	135 063 817
Tax effect of non-deductible expenses	5 358 810	2 774 933
Income tax expense	261 236 401	137 838 750

26. Earnings per share**Basic**

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Net Profit for the year	875 997 336	462 444 883
Employees Profit Share Distribution	(52 638 939)	--
Net profit available after employees' profit share	823 358 397	462 444 883
Weighted average number of ordinary shares in issue		
Ordinary shares	723 058 439	723 058 439
Treasury Shares	(15 814 199)	--
	707 244 240	723 058 439
Basic earnings per share	1.16	0.64

Diluted

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

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27. Expenses by nature

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cost of sales	4 516 041 243	3 235 634 009
Distribution cost	297 015 214	251 537 853
Administrative expenses	363 317 266	253 594 449
	<u>5 176 373 723</u>	<u>3 740 766 311</u>
Raw and packaging materials used	3 714 495 191	2 560 689 756
Salaries and wages	537 972 530	406 710 779
Advertising expense	272 543 733	232 719 990
Depreciation and Amortization	145 475 083	131 337 780
Miscellaneous and other expense	122 092 831	77 289 827
Fuel, oil, water and electricity	107 422 425	96 308 686
Employees benefits	86 377 702	71 185 060
Company's share in social insurance	31 564 366	30 962 434
Transportation expense	57 914 506	53 807 305
Maintenance	5 110 691	4 072 803
Consumables	53 272 444	43 864 858
Vehicle expense	42 132 221	31 817 033
Total cost of sales, distribution costs, and administrative expenses	<u>5 176 373 723</u>	<u>3 740 766 311</u>

Segment reporting (continued)

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

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

29. Contingent liabilities

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

The banks have issued letters of credit and guarantee in favor of Edita Foods Industries amounted to EGP 312 623 934 (2021: EGP 29 085 087).

30. Tax position

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

a) Corporate tax

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

b) Payroll tax

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

c) Value added tax

- The company is submitting the monthly forms on time according to law 67 for the year 2016 and its regulations
- The sales tax inspection was performed till 31 December 2019 and tax due was paid.
- As for the years 2020 till 2022 the tax inspection has not been performed and the company is submitting monthly tax returns on due time to the Tax Authority.

d) Stamp duty tax

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

31. Commitments

Capital commitments

The Company has capital commitments as of 31 December 2022 of EGP 74 M (31 December 2021: EGP 533 M) in respect of the capital expenditure.

32. Financial instrument by category

	<u>31 December 2022</u>	<u>31 December 2021</u>
	Financial Assets	
	Total	
Financial Assets as per separate statement of financial position		
Debtors and other debit balances (excluding non- financial assets) *	55 666 734	29 637 459
Due from related parties	109 337 659	23 891 611
Treasury Bills	894 641 441	714 762 453
Cash and bank balances	243 188 704	77 776 880
Total	<u>1 302 834 538</u>	<u>846 068 403</u>
	Financial Liabilities	
	Total	
Financial Liabilities as per separate statement of financial position		
Borrowings *	422 434 186	487 849 202
Trade and other payables (excluding non-financial liabilities) *	640 537 163	423 545 850
Due to related parties	103 830 983	63 581
Bank overdraft	486 688 869	385 078 699
Total	<u>1 653 491 201</u>	<u>1 296 537 332</u>

* At the Balance sheet 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 loans bears a variable interest rate, so the fair value approximate the principal amount.

- 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, deferred government grant and social insurances.

33. Significant events during the year:

- On April 14, 2022, the ordinary general assembly of the company's shareholders was held, and it approved the financial statements for the year ended December 31, 2021 and approved the dividends distribution of EGP 0.277 per share.
- On April 27, 2022, the Prime Minister issued the Ministerial decree No. (1568) for the year 2022 to amend some provisions of the Egyptian Accounting Standards by adding Annex (B) to the Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates".
This annex aims to setting a special accounting treatment for the implications resulted from the Exceptional Economic Decision pertaining to the movement of the foreign currencies exchange rates through setting a temporary additional option to paragraph (28) of the Egyptian Accounting Standard No (13) – "The Effects of Changes in Foreign Exchange Rates" which requires the recognition of the foreign exchange difference in the statement of profit or loss for the period in which they incur. Alternatively, an entity that has outstanding liabilities in foreign currency on the date of the movement of the exchange rates that are related to property plant and equipment, investment property, intangible assets (other than goodwill) or mining assets to revalue its related liabilities during the period from the beginning of January 2020 until the date of the movement of the exchange rate, and recognize the foreign exchange differences resulted from the revaluation of related liabilities at the date of movement of the exchange rates as a part of the acquisition costs. Also, this treatment permits an entity to recognize foreign exchange gain or loss resulting from the revaluation of the monetary balances in foreign currencies that are outstanding on the movement date of the exchange rates to be recognized in the other comprehensive income in accordance with paragraph 9 of the annex.
- On December 27, 2022, the Prime Minister issued the Ministerial decree No. (4706) for the year 2022 to amend some provisions of the Egyptian Accounting Standards by adding Annex (c) to the Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates".
This appendix aims to set a special accounting treatment to deal with the effects of the exceptional economic decision related to moving the exchange rate by setting an additional temporary option to Paragraph No. 28 of the amended Egyptian Accounting Standard No. 13 "The effects of changes in foreign exchange rates", which require the recognition of foreign exchange differences in the statement of profit or loss statement for the period in which they occur Alternatively, an entity that has outstanding liabilities in foreign currency on the date of movement the exchange rate that are related to property plant and equipment, investment property, intangible assets (other than for goodwill), mining assets and right of use assets acquired before the date of the movement and still present and operating, by recognizing the finance costs resulting from the paid part of these liabilities during the financial period of applying this special accounting treatment , in addition to the foreign exchange difference resulting from the translation of the balance as of 31 December 2022, or at the end of the closing day of the financial statements for the financial period of apply this special accounting treatment if previously using the exchange rate used on those dates, is included in the cost of assets, as set out in paragraph 7 of this appendix.
- Also, this treatment permits an entity to recognize foreign exchange gain or loss resulting from the revaluation of the monetary balances in foreign currencies that are outstanding as of 31 December 2022, or at the end of the closing day of the financial statements for the financial period of apply this special accounting treatment to be recognized in the other comprehensive income in accordance with paragraph 9 of the annex.

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- The Central Bank's Monetary Policy Committee decided at its meeting on Thursday, May 19, 2022, to raise the overnight deposit and lending rates and the central bank main transaction by 200 basis points to 11.25%, 12.25% and 11.75%, respectively. Also, credit and discount rates had been raised by 200 basis points to reach 11.75%.
- The Central Bank's Monetary Policy Committee decided at its meeting on Thursday, October 27, 2022, to raise the overnight deposit and lending rates and the central bank main transaction by 200 basis points to 13.25%, 14.25% and 13.75%, respectively. Also, credit and discount rates had been raised by 200 basis points to reach 13.75%.

34. Subsequent Events

- According to Board of Directors meeting, on February 26, 2023, it has been agreed to submit a purchase offer after completing the legal procedures and government approvals, which includes punitive terms for both parties to acquire a 100% stake in an unlisted company operating in the food industries sector.