Edita Food Industries S.A.E.

SAILING THROUGH

Annual Report **2020**

EDITA
SAILING THROUGH

In 2020, Edita successfully navigated the challenges posed by Covid-19, delivering resilient results for the year while continuing to press on with all its longer-term strategic objectives

Annual Report 2020

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EDITA
at a Glance

Leveraging its decades of experience and proven innovative capabilities, Edita continues to lead Egypt's snack food market, standing out for its high-quality and extensive range of branded snack products

Established in 1996, Edita Food Industries has since grown to become a leader in the Egyptian and regional snack food markets. Over the years, Edita has built a reputation for quality and innovation, consistently introducing new product propositions to best match consumers' evolving tastes. Edita is a pioneer in the snack foods industry, having been the first company to introduce packaged croissants to the market in 1997. Today, Edita's portfolio includes around 144 SKUs across six segments, namely cakes, bakery, wafers, rusks, candy and biscuits. The company's product roster encompasses household names such as Molto, TODO, Bake Rolz, Bake Stix, Mimix, HOHOs, Twinkies, Tiger Tail, Freska and Oniro. Edita currently operates five ISO-certified, state-of-the-art facilities, encompassing 32 production lines and exports its products to more than 17 regional markets.

In 2020, despite the unprecedented difficulties faced by businesses all over the world following the outbreak of the Covid-19 pandemic, Edita was able to deliver on its long-term strategy. At home, Edita successfully rolled out multiple new SKUs across various product segments, launched its tenth brand, Oniro, marking the company's entrance into Egypt's biscuits market, and continued to invest in enhancing its distribution capabilities. On the regional front, Edita completed the construction of its greenfield investment in Morocco. The new facility, which is set to begin operations in 2021, is the first milestone in Edita's efforts to deliver on its regional expansion strategy.

Edita's relentless drive for growth and innovation allows the company to remain at the industry's leading edge in spite of the growing competition and operational challenges faced throughout the years. Edita's long-term strategy is guided by its goal to create sustainable shareholder value, deploying its technical know-how, research and distribution strength to consolidate its position as a regional leader and pioneer in the packaged snack food market.

+6,000
Employees

5 ISO
Certified Manufacturing Facilities

32
Production Lines

4.0 EGP BN
2020 Revenues

2.5
Packs Sold in 2020

>17
Regional Export Destinations

144 SKUs Across Six Segments

Bakery	Cakes	Rusks	Wafers	Candy	Biscuits
Molto	TODO, HOHOs, Twinkies, Tiger Tail	Bake Rolz, Bake Stix	Freska	MiMix	Oniro

A Note from Our Chairman

> We have time and again shown our ability to navigate challenging environments supported by a flexible business model, proactive growth strategies and continued investment during the most testing times

Dear Shareholders,

I am very pleased with Edita's performance in 2020 during which the company exhibited strong resilience in the face of exceptional circumstances, with Covid-19 bringing about tangible changes to our market dynamics and operational environment. Despite the challenges witnessed over the last twelve months, we managed to protect our top line, closing the year with flat revenues of over EGP 4 billion.

Overall, our full year performance was supported by our continued portfolio optimization and diversification strategy that keeps us in step with market dynamics and drives consumer demand. Across our portfolio, Edita continues to innovate and launch new and upsized products to provide increasingly higher value-for-money to consumers while migrating them to higher price points. More specifically, in 2020 we rolled out new and upsized propositions across our cakes, bakery, wafer, and candy segments. Overall, new product launches for 2020 contributed to more than 20% of consolidated revenues for the year, testament to our ability to roll out innovative products which meet consumers' evolving tastes.

A growing and increasingly optimized portfolio combined with favourable pricing helped offset slower volumes for 2020 driven by Covid-19-related restrictions, with curfews, lockdowns and schools and university closures weighing down on snack food consumption in the first half of the year. Our performance was also supported by a volume recovery that began in the second half of 2020 and saw us close the fourth quarter of the year on a high note, with quarterly revenues up by 13% year-on-year. This went in tandem with the lifting of restrictions, displaying the fundamentally strong demand for our products.

Parallel with Edita's success in mitigating the risks related to COVID-19, we were also able to deliver on our longer-term growth strategies. Key among those was our diversification into the biscuits market with the launch of our new Oniro brand. Valued at more than EGP 5 billion as at year-end 2019, the biscuits segment offers Edita important long-term growth and diversification opportunities for the coming years.

On the ground, we are strengthening our distribution muscle, growing our platform by over 30% with the addition of 200 new vehicles and the inauguration of an additional three distribution centers. This not only extends our reach across the nation but is also working to grow the contribution of the higher-margin retail sales channel, which in 2020 contributed to nearly 38% of total gross sales compared to just over 32% in the previous year.

On the regional front, I am delighted to announce that we have completed construction works on our new factory in Morocco and are currently installing the first production line. Our new facility, which boasts state-of-the-art technology in line with our Egyptian operations, is a landmark achievement for Edita which sees us deliver on our regional expansion strategy by further strengthening Edita's presence in Morocco while laying the groundwork for future growth across the region. This goes in parallel to strengthening our existing on-the-ground presence through our Freska exports, which we began exporting back in 2018 immediately following our entrance into the promising Moroccan market. In 2021, we expect to reap the rewards of our investment in this new market as soon as production commences.

Looking ahead into 2021, while we are cautiously optimistic about a sustained recovery in our markets, with early signs of year-on-year growth in volumes in the first two months of the new year, we are also cognizant of the challenges that lie ahead.

Edita will remain committed to its pricing and portfolio restructuring strategy while continuing to focus on cost optimization and extracting maximum value from our operations. On the new products front, the first few months of 2021 have already seen us roll out new products at the cake, bakery and wafer segments, with multiple new product launches still in the pipeline. In the coming year, we are also eager to begin realizing the full potential offered by the newly penetrated biscuits market. Finally, we look forward to capitalizing on our first overseas facility in Morocco and see the country gradually grow its contribution to our top line.

Meanwhile, our cost optimization initiatives will span across a multitude of fronts. Most notably, we are working to extract savings through a reassessment and restructuring of our labour costs supported by further automation. We are also targeting SG&A efficiencies by adopting a more targeted approach to marketing to maximize our return on investments. Finally, we anticipate the full benefit of our distribution strategy to increasingly reflect on our performance over the coming period.

All in all, we are heading into 2021 from a position of strength. Edita closed 2020 with an optimized portfolio, increased capacities, a stronger distribution network and an expanding regional presence. We are confident in our market's solid fundamentals and considerable room for growth, and we stand ready with the necessary tools to capture it and continue delivering exceptional value.

Hani Berzi
Chairman and Managing Director


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New product launches for 2020 contributed to more than 20% of consolidated revenues for the year, testament to our ability to roll out innovative products which meet consumers evolving tastes.


Highlights of 2020

In 2020, despite the unprecedented difficulties faced by businesses globally, Edita delivered resilient results while continuing to pursue its growth and diversification targets by investing in capacity enhancements, rolling out new products, penetrating a new market segment and moving forward with its overseas expansion

All-encompassing Response to the Covid-19 Pandemic

Since the very start of the crisis Edita implemented strict guidelines for safety and business continuity along three primary verticals of Health and Safety, Social Distancing and Business Continuity.

Health & Safety

Roll out of strict internal hygiene and sanitization protocols and continued adherence to best-practices for quality management and employee safety at Edita's state-of -the-art production facilities.

Social Distancing

Strengthened our internal, virtual and online communications tools and began implementing a staff rotation policy at our head office to reduce our in-office white-collar employees by 50%.

Business Continuity

- Contingency and business continuity, including for industrial production and supply chain management.
- Throughout the year, Edita took advantage of the low interest rate environment and CBE's scheme to help businesses during the ongoing pandemic to secure more than EGP 350 million in medium term loans to support its distribution capability expansions and planned CAPEX outlays for the year.

Product Innovation and Portfolio Optimization

Edita continued to grow and diversify its product portfolio, building on its tradition of satisfying consumers' evolving tastes with great value-for-money propositions.

Molto Sandwich and Molto Magnum

Edita launched its latest Molto Sandwich and Molto Magnum lines. Both product lines offer consumers larger, hunger-quenching product propositions, and are available in several sweet and savoury flavours. In early 2021, Edita further expanded its Molto offering with the launch of Mini Molto Magnum.

Growing Cake Portfolio

Edita rolled out two new products at its cake segment: Twinkies Zig Zag and coffee flavoured HOHOs. In parallel, it launched several upsized SKUs including a new upsized HOHOs Cream, upsized Twinkies Cream, upsized uncoated chocolate and strawberry HOHOs, and HOHOs Extreme.

Freska Sticks and Freska Block

At its wafer segment, Edita launched Freska Sticks in March 2020 as it works to strengthen its position in this fast-growing market. Freska Sticks is a rolled wafer with cocoa and hazelnut cream filling priced at EGP 2 per pack. In early 2021, Edita launched Freska Block, a filled wafer bar with a double-layer chocolate coating. Freska Block is available in three flavours and sold for EGP 3 per pack.

Frulla

Edita relaunched its Frulla candy line including strawberry, chocolate and cherry flavours, all retailing at EGP 3 per pack.

Entering Biscuits Market

In 2020, in line with Edita's diversification strategy to create new revenue streams and drive future growth, the company entered Egypt's biscuits segment, one of the largest segments in the snack food market and presenting the company with remarkable opportunities for future expansion.

Oniro

In May 2020, Edita launched its newest and 10th brand, Oniro, marking its entrance in Egypt's biscuits segment. Under the Oniro umbrella the company is currently producing three SKUs with several more to follow in the coming year.

New Biscuits Line

Edita installed a new biscuits line at its E08 facility and began producing its new Oniro cookie.

Official Launch

Edita kicked off Oniro's official launch in late October of 2020, accompanying the products' roll out with an extensive marketing campaign.

Strengthening Our Distribution Network

Throughout the year, Edita pressed on with its capacity investment plans with the company's focus for 2020 set on expanding its sales and distribution capabilities to broaden its reach and drive operational efficiencies.

Investment in Distribution Capabilities

Edita added more than 200 distribution vans to its fleet and inaugurated three new distribution centers. This brings the total as at year-end 2020 to 847 vans and 25 distribution centers.

Automation of Sales and Distribution Function

Edita partnered with SAP to launch an upgraded digital solution to automate the company's sales and distribution function. This is in line with Edita's digital transformation roadmap that will see it streamline processes to drive operational efficiencies across all aspects of its operations.

Morocco Expansion

Edita's first overseas manufacturing facility is completed with production set to begin in the first half of 2021. This is a key milestone in delivering on Edita's regional expansion plans.

Additional Funding Secured

In June 2020, the company secured new financing for its expansion in Morocco, including a MAD 80 million facility with a seven-year tenor to finance construction of the overseas facility and procurement of production lines.

Construction Completed

Construction work was completed on schedule in early 2021. The facility's first production line for producing cakes is currently being installed. The line's annual capacity will be of around 2.7k tons.

Commencement of Operations

Production is expected to kick off in 2021.

Delivering Resilient Results

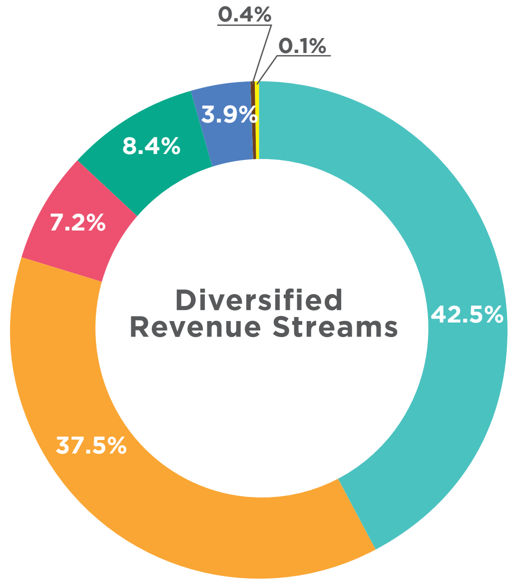
Edita's proactive response to the Covid-19 pandemic combined with its flexible business model and solid fundamentals saw the company deliver resilient results for the year.

4.0 EGP bn
Revenues in 2020, largely unchanged from 2019.

12.6%
Y-o-Y revenue growth in 4Q2020, demonstrating a return to strong growth following the lifting of restrictive measures related to Covid-19.

34.5%
Gross profit margin in 2020, in line with GPM recorded in previous years.

7.5%
Net profit margin in 2020. Edita recorded net profit of EGP 302.2 million for the year.



Cakes	EGP 1,711 mn	Candy	EGP 158 mn
Bakery	EGP 1,507 mn	Biscuits	EGP 18 mn
Rusks	EGP 288 mn	Imports	EGP 4 mn
Wafers	EGP 336 mn		

A History of Growth & Resilience

In 2020, Edita reported yet another year of continued growth and value creation, leveraging its strong foundations, proven ability to adapt, and decades-long experience to overcome the challenges posed by Covid-19.

Having delivered on its expansion and diversification targets for the year, Edita is ideally positioned to build on the strong results posted in the final quarter of 2020 and return to its pre-crisis growth trajectory going into 2021.

1996

Edita is founded and begins construction of the E-06 plant in 6th of October City

1997

Launch of Molto line, the first packaged croissant in the Egyptian market

2000

Launch of rusks line with Bake Rolz

2003

Purchase and upgrade of the Hostess factory in 10th of Ramadan City and entry to the snack cake market under license with Hostess Brands LLC (HTT)

2006-2009

Edita attains world-class safety certifications including HACCP, ISO 22000, ISO 9001, and ISO 18001

2010

- Launch of TODO family
- Introduction of handheld online receipt computers from Motorola Solutions

2011

- Edita undergoes a rebranding campaign
- Sales cross the EGP 1 billion milestone
- Entry to the candy market with MiMix brand, building a production facility in Beni Suef

2012

- Launch of wafer products under the Freska brand
- Building a production plant in Polaris Industrial Park to meet increased demand

2013

- Building a new headquarters and logistics hub in Sheikh Zayed City
- Introduction of an ERP system upgrade
- Acquisition of HTT brands in Egypt, Libya, Jordan, and Palestine

2015

- Listing of Edita on the Egyptian Stock Exchange
- Acquisition of the rights to its existing HoHo's, Twinkies, and Tiger Tail brands in 12 additional MENA countries, acquisition of technical assistance and know-how to manufacture 11 new Hostess products
- Addition of four new production lines — two croissant lines, one cake line, and one rusk line — in its E07 factory extension

2016

- Start of construction of phase one of the new E08 factory
- Launch of TODO Bomb and Twinkies Icing
- Launch of TODO Brownies
- Installation of new candy line and commencement of production

2017

- Rebranding campaign for Freska
- Commissioning of E08 factory with the installation of a new wafer production line and the launch of Freska Fingers and Freska Bites
- Signing an MoU to form a JV with Moroccan distributor, Dislog Group

2018

- Launch of TODO Mini Muffins in addition to vanilla-flavored wafer products under the Freska brand
- Rebranding campaign for Molto
- Signing shareholder's agreement for its joint venture with Moroccan distributor, Dislog Group
- Beginning of operations in Morocco with the start of exports while progress continues to be made toward establishing Edita's first overseas manufacturing facility.

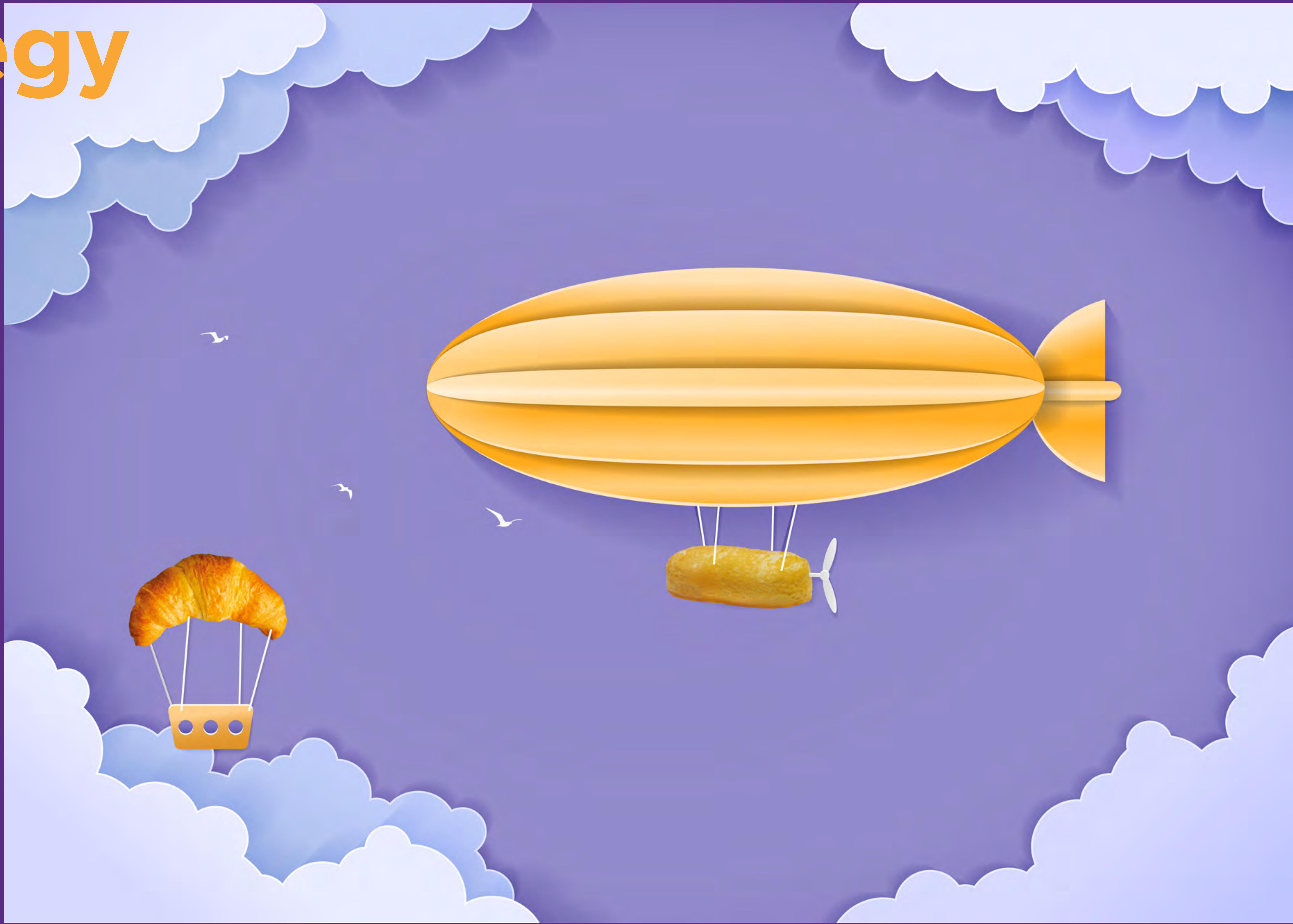
2019

- Installation of a new wafer production line at E08.
- Sponsoring Total Africa Cup of Nations 2019 Tournament and Egyptian national football team
- Finalizing a USD 20 million financing agreement with International Finance Corporation
- Receiving a MAD 15 million grant from Moroccan government to support operations of the JV with Dislog
- Securing a long-term lease agreement for a 13,000 sqm plot of land to build the new Moroccan facility
- Construction of Morocco factory begins
- Launch of new BonBon and Breeze candy lines under MiMix brand
- Launch of new TODO Max under leading TODO cake brand

2020

- Launch of Molto Magnum, Molto Sandwich, Twinkies Zig Zag, Coffee HOHOs, Freska Sticks, Frulla and resizing of several SKUs
- Penetration of Egyptian biscuits market with the launch of a new brand "Oniro"
- Installation of new production line at Edita's E08 facility for Oniro range
- Inauguration of three new distribution centres and addition of more than 200 distribution vans
- Automation of sales and distribution function with roll out of new digital tool in partnership with SAP
- Securing several medium-term loans to finance Edita's expansion strategy
- Roll out of strict guidelines along the three primary verticals of Health and Safety, Social Distancing and Business Continuity to guarantee the wellbeing of all its employees while safeguarding its operations during the Covid-19 crisis
- Launching of Edita Foundation for Social Development (EFSD) and donating over EGP 4 million to help Egyptians through the Covid-19 crisis

Our Strategy



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Through continued adherence to its four key strategic pillars, Edita has laid the foundation for long-term sustainable growth

Our Strategy

Edita's clearly defined growth strategy allows the company to consistently deliver growth and value to its stakeholders while proving resilient in the face challenging environments.

Edita's Strategy Pillars

Through continued adherence to its four key strategic pillars, Edita has laid the foundation for long-term sustainable growth. Since inception, Edita has consistently delivered on its key strategic pillars in an incremental approach with clearly defined targets to build a flexible and dynamic business model. Edita's dynamism allows it to continuously capture consumer demand and adapt to an ever-changing operating environment.

Innovation and Differentiation

Innovation and differentiation are at the heart of Edita's operations as the company strives to maintain its leading position in Egypt's snack food market.

Key Initiatives

Portfolio Optimization

Edita's portfolio optimization efforts see it continuously introducing new and differentiated products to stay in tune with market dynamics and consumer tastes.

Repricing Strategy

Edita is constantly assessing its price points and ensuring it stays in step with inflationary pressures while maintaining a broadly competitive product portfolio. In this regard, the Company's innovative abilities play a key role in capturing demand while offering consumers great value for money.

Leverage Human Capital

Edita's ability to deliver on its strategic objectives rests on the dedication, knowledge, and expertise of its people.

Key Initiatives

Training and Development

Investing in personnel's technical skills and professional development will continue to be a core pillar of Edita's strategy.

Employee Engagement

Edita's Human Resources function is conscious in keeping open communication channels across the organization, prioritizing employee engagement as one of Edita's main pillars.

Regional Expansion

Edita's regional expansion strategy is dual-pronged, aiming to strengthen the Company's local presence and replicating its decades-long success in Egypt across the wider region. Edita targets fast-growing markets characterized by large consumer bases and significant growth potential.

Key Initiatives

Strengthening Our Distribution Network

Edita is constantly investing to expand and strengthen its distribution network as a means to extend its national reach and grow market share. Most recently, the company invested in adding more than 200 distribution vans to its fleet and inaugurated three new distribution centers.

Morocco Expansion

Edita first entered the Moroccan snack food market in 2018 through Edita Food Industries Morocco, a joint venture with leading FMCG distributor Dislog Group, facilitating direct access to a fast-growing market with over 36 million consumers. Morocco will also host Edita's first overseas manufacturing facility, with construction completed in 2020 and set to begin in the first half of 2021.

Growing Our Export Footprint

Parallel to the Company's on-the-ground expansion in Morocco, Edita is growing its regional footprint through distribution agreements as a catalyst for export growth, with its products now offered in over 17 countries.

Diversify Revenue Streams

Edita is constantly exploring new growth avenues through further expansion in the snack food market and the introduction of new categories.

Key Initiatives

E08 Inauguration

The inauguration of Edita's E08 factory was a milestone event and has provided the company with the space and capacity to expand its offering, diversify revenue streams and grow its market share.

New Production Lines

With five local factories and one overseas facility, Edita is able to continue adding new production lines across its existing and new segments and grow production capacity to serve rising consumer demand.

Venturing into the Biscuits Segment

In May 2020, Edita launched its first offering in the biscuits segment as part of its diversification strategy. The new biscuit line is installed at Edita's E08 facility and is producing its new Oniro brand.

Segments & Brands

❝
Across our portfolio, Edita continues to innovate and launch new and upsized products to provide increasingly higher value-for-money to consumers

Cakes

The cake segment is among the more mature segments in Egypt's snack food industry, with Edita currently controlling the largest share of the market. Edita's cakes segment spans four distinct brands: Twinkies, HOHOs, Tiger Tail, and TODO, all of which have grown to become household names with strong brand equity.

Throughout 2020, Edita significantly expanded its cake portfolio with the roll out of new innovative products and the launch of multiple upsized SKUs. In February, Edita launched Twinkies Zig Zag, a golden sponge cake with a creamy filling, topped with raspberry jelly and coconut. In parallel, Edita also launched a new coffee flavoured HOHOs, expanding the brand's portfolio to a total of five flavours, including coated and uncoated offerings. Throughout the year, Edita also rolled out several upsized SKUs including a new upsized HOHOs Cream, upsized Twinkies Cream, and upsized uncoated chocolate and strawberry HOHOs. New product rollouts continued in early 2021 with the launch of the new HOHOs Extreme, an upsized variation of Edita's traditional HOHOs Cream. The new SKUs are part of Edita's price point segmentation strategy to better cater to its consumer's preferences and offer higher value-for-money propositions, strengthening its leadership position in its core cakes market.

Products

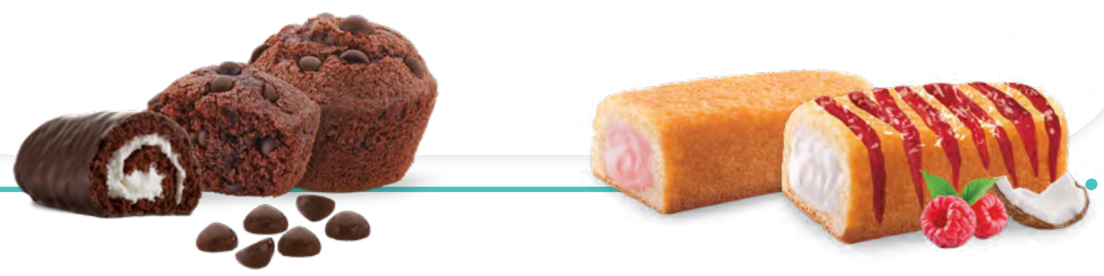
Traditional rolled, filled and layered cakes as well as the market's first long shelf-life brownies, and muffins

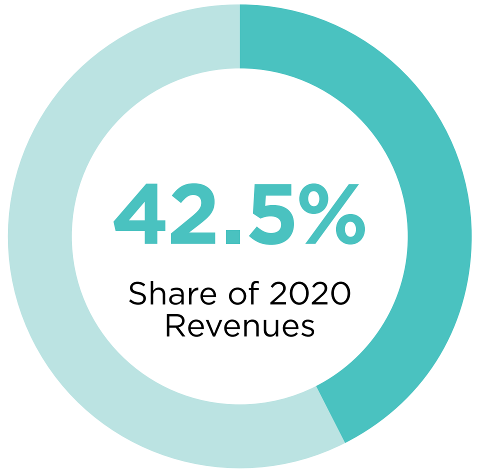
Twinkies: A golden or chocolate sponge cake with a creamy filling offering satisfaction with every bite.

Tiger Tail: Similar to Twinkies, Tiger Tail is a golden sponge cake with a creamy filling garnished with raspberry jelly and coconut.

HOHOs: HOHOs is one of Edita's most popular cakes. These cylindrical, cream-filled chocolate snack cakes come in both coated and uncoated varieties and offer just the right amount of sweetness to entice the taste buds.

TODO: With its sweet taste, variety of offering and sophisticated package, TODO is positioned "as the sweet experience that keeps me going".





1,710.5 EGP mn
Total Revenues in 2020

#1
Market Ranking

44
SKUs

Bakery

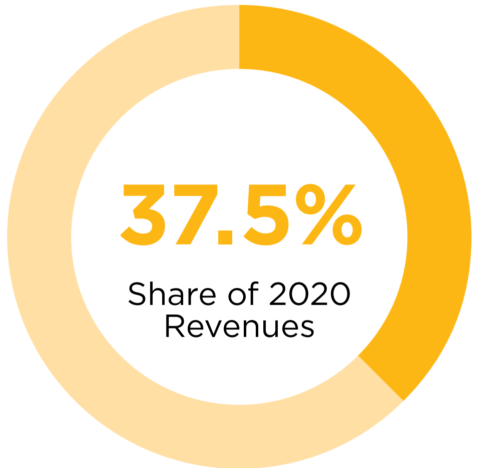
Edita is a pioneer in the bakery segment having launched in 1997 Egypt's first packaged croissant brand, Molto. The segment has historically been one of Edita's core offerings, with the company's portfolio now encompassing more than 30 SKUs including multiple sweet and savoury variations. Over the years, the Molto brand has grown to become a household name, with an ever-growing product range which satisfies consumers' varying tastes. Egypt's bakery segment continues to be one of the fastest growing segments in the industry, and in 2020 was the only segment to post year-on-year growth despite the challenges posed by Covid-19.

In 2020, Edita further expanded its bakery offering with the additions of its new Molto Sandwich and Molto Magnum product lines. Hitting the shelves in January 2020, Molto Sandwich is currently available in five different flavours including white istanbolli cheese, feta cheese, cheese with olives, hot pepper cheese and chocolate and hazelnut. This was soon followed by the roll out of the Molto Magnum line in February, which currently comes in two flavours: chocolate and strawberry cheesecake. Both lines offer consumers larger, hunger-quenching product propositions, providing them with more value-for-money. In early 2021, Edita further diversified its Molto portfolio with the roll out of its new Molto Mini Magnum.

Products

Sweet and savoury bakery

The first packaged croissant brand in Egypt and neighbouring countries, Molto was launched two decades ago as a new concept promising a delicious yet healthy snacking alternative. The brand is available in sweet and savoury varieties



1,507.0 EGP mn

Total Revenues in 2020

#1

Market Ranking

30

SKUs

Wafers

The wafer segment is one of the country's fastest-growing sectors, making it a very attractive market for the company. To capitalise on the rapidly expanding demand in the segment, Edita has more than doubled its wafer production capacity with the installation of two new production lines at its E08 facility during the course of 2020. In parallel, Edita has also expanded its product offering, with its wafers portfolio currently comprising more than 22 SKUs under the Freska brand.

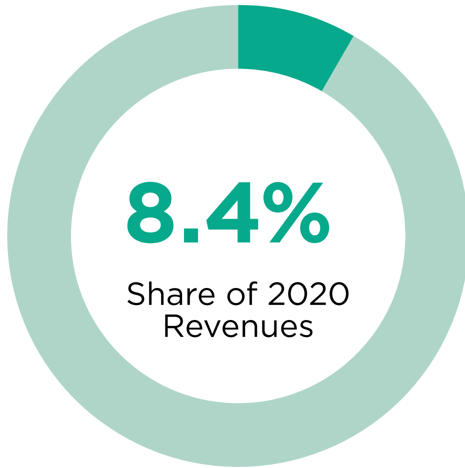
As part of Edita's strategy to expand its offering in the fast-growing segment and capture a larger market share, in March 2020 Edita launched 'Freska Sticks'. The new product is a rolled wafer with cocoa and hazelnut cream filling. The company complemented the launch with a dedicated campaign in September 2020 as it works to strengthen its position in the market. In February 2021, the company rolled out a new wafer line, 'Freska Block'. The new proposition is a filled wafer bar with a double-layer chocolate coating and is available in three flavours: hazelnut cream, peanut butter, and cappuccino cream.

Edita's Freska brand was also the first to be registered and launched in Morocco under the company's joint venture agreement in the kingdom. Edita entered the Moroccan Market in the second half of 2019, with exports to the country contributing around 10% of the company's total exports in 2020.

Products

Filled Wafers

Freska! Freska is the most indulgent premium wafer product to hit the market, available in 22 different SKUs with different coatings and different fillings to match all tastes.



336.2 EGP mn
Total Revenues in 2020

#3
Market Ranking

22
SKUs

Rusks

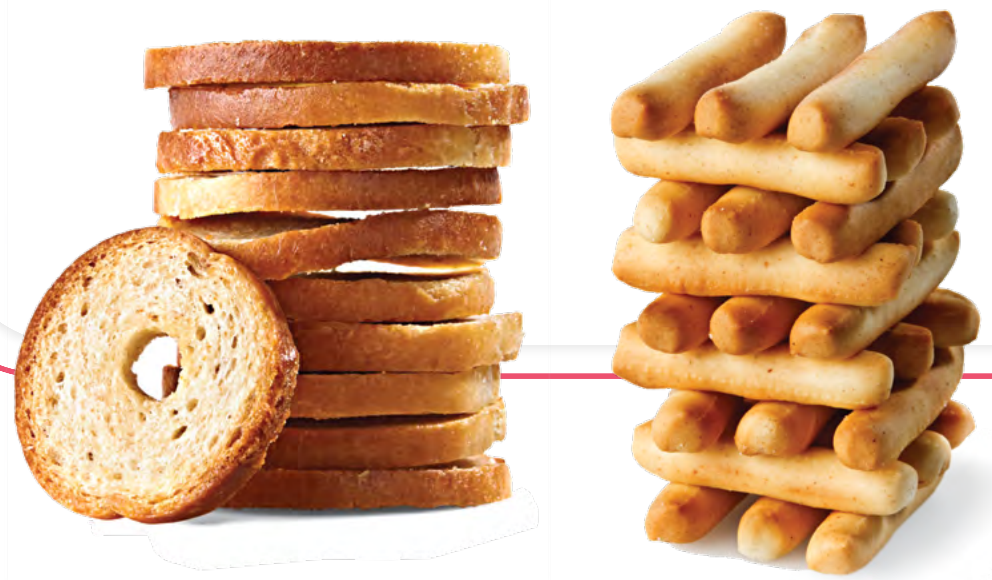
As Egypt's most frequently consumed snack food category, the salty snack segment represents an important growth opportunity for Edita. The company currently competes in the fast-growing rusks subsector with its Bake Family products. Today, thanks to its wide-ranging rusks portfolio encompassing more than 35 SKUs, Edita controls the second-largest share of the Egyptian rusks market. Under the Bake Rolz and Bake Stix brands, Edita provides consumers with a healthier baked snack variety compared to traditional fried snacks, allowing it to stand out from competitors in the sector.

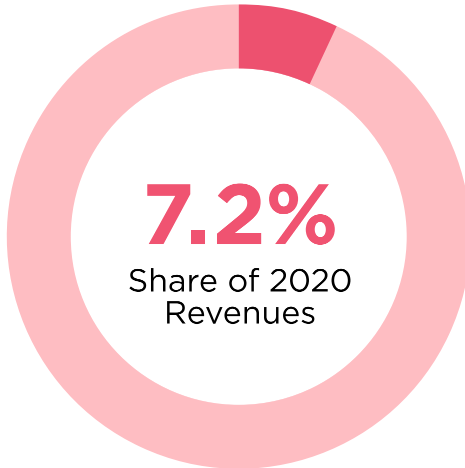
Products

Baked wheat salty snacks

Bake Rolz is a value brand that offers customers satisfaction, well-being and choice. A healthy snack baked from 100% wheat, this crunchy, salty treat is available in 7 flavours of the single-serve pack; Salt, Pizza, Nacho, Ketchup, Chilli & Lemon, Mix Cheese and Olives and in 6 flavours of the family-serve pack; Salt, Pizza, Ketchup, Chilli & Lemon, Mix Cheese and Olives. Most recently, Bake Rolz added 3 new flavours including Salt & Vinegar, Sweet Chilli and Butter & Herbs.

Taking the satisfaction and well-being mantra a step further, Bake Stix adds even more flavours and variety to Edita's salty snack line. Baked from 100% wheat, Bake Stix offer a different texture and taste mix from Bake Rolz. Bake Stix satisfy every palate and are available to consumers in 3 unique flavours: Oriental sausages, BBQ and Cheese.





287.8 EGP mn
Total Revenues in 2020

#2
Market Ranking

35
SKUs

Candy

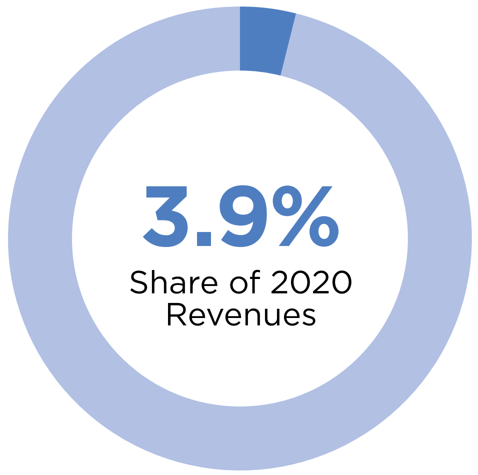
Egypt's fast-growing candy segment is highly fragmented, with Edita currently controlling the largest share of this market. As at year-end 2020, Edita's candy portfolio included hard, soft and jelly candy as well as lollipops produced under the umbrella MiMiX brand and multiple sub-brands.

In 2020, Edita relaunched its Frulla candy line including strawberry, chocolate and cherry flavours.

Products

Hard, soft and jelly candy and lollipops

MiMiX is Edita's unique range of confectioneries. Available in five families: Toffee, soft and hard Candy, Jello and Lollipops. With its wide variety of flavours, types, shapes, colours and unique ingredients, Mimix adds a burst of craziness to everyday life.



157.6 EGP mn
Total Revenues in 2020

#1
Market Ranking

16
SKUs

Biscuits

Edita entered Egypt's biscuits market in 2020 with the roll out of its 10th brand, Oniro. The expansion into the new biscuits market is in line with the company's diversification strategy to create new revenue streams and drive future growth. Egypt's biscuits market offers significant opportunities with an estimated size of around EGP 5.0 billion and a three-year CAGR of 16%.

The first product to hit the shelves under the Oniro flagship was the Oniro Cookie Crisp Filled, a vanilla chocolate chip cookie filled with chocolate cream. This was soon followed by two more flavours including plain vanilla and chocolate. The Oniro Cookie Crisp range is the first locally produced chocolate chip cookie in Egypt. The new cookie range is produced at Edita's E08 facility following the installation of its new biscuits line earlier in the year.

While Edita kicked off the soft launch of its first offering in the biscuits segment in May, Oniro's official launch started in late October 2020. Despite the product line being currently in its ramp up phase, the biscuit segment recorded revenues of EGP 17.8 million for the year, with management confident in the product line's growth prospects for the coming years.

Products

Plain and filled chocolate chip cookies

Oniro is the first locally produced packaged chocolate chip cookie in Egypt and is available in three different variations ranging from the traditional vanilla and chocolate chip cookie to the more elaborate vanilla chocolate chip cookie filled with chocolate cream.

0.4%
Share of 2020 Revenues

17.8 EGP mn
Total Revenues in 2020

3
SKUs

Marketing & Advertising

"Throughout 2020, the marketing and advertising department continued to play a frontline role in supporting Edita's growth and expansion strategy

Marketing & Advertisement

Edita's marketing and advertising department plays a crucial role in supporting the company's growth efforts, helping to drive demand across the company's portfolio and strengthen its brand equity through targeted, multi-platform campaigns and effective go-to-market strategies

Throughout 2020, the marketing and advertising department continued to play a frontline role in supporting Edita's growth and expansion strategy while maintaining a tight rein on costs in light of the difficult operating environment faced in the year. Despite the obstacles posed by Covid-19, Edita's marketing and advertising department supported the launch of 22 new and upsized SKUs, further broadening the company's portfolio while offering consumers greater value-for-money. This is in line with Edita's portfolio optimization strategy involving indirect price increases, product reconfigurations and new propositions that best capture changing consumer tastes. In parallel, the department also played a key role in the company's successful entrance into Egypt's biscuit market.

2020 Highlights

Oniro Launch

In 2020, in line with Edita's diversification strategy, the company entered Egypt's biscuits segment with the launch of its newest and 10th brand, Oniro. While the new brand first hit the shelves in May 2020, the official launch kicked off in October. This was accompanied by an extensive marketing campaign aimed at building brand equity and capturing a growing share of the newly penetrated segment. Egypt's biscuits market is among the largest segments in the snack food industry and represents a remarkable opportunity for Edita to capitalize on its innovative abilities.

The first product to be launched under the Oniro flagship was the Oniro Cookie Crisp Filled, a vanilla chocolate chip cookie filled with chocolate cream and currently retailing at EGP 2. The Oniro Cookie Crisp Filled is the first locally produced chocolate chip cookie in Egypt. Two other SKUs in plain vanilla and chocolate were subsequently launched, with both retailing at EGP 3 per pack. In the coming year, Edita will continue to grow its biscuits portfolio and build on its tradition of satisfying consumers' tastes with great value-for-money propositions.

Strengthening Position in Existing Segments

While supporting the entrance into a new market, the department was also focused on helping the company solidify its position across existing segments. On this front, Edita's efforts involved targeted product roll outs aimed at providing innovative offerings to consumers coupled with wide-ranging marketing efforts.

At the cakes segment, Edita launched multiple new and upsized SKUs. Most notably, Edita launched Twinkies Zig Zag, a golden sponge cake with a creamy filling, topped with raspberry jelly and coconut, and a new coffee flavoured HOHOs, expanding the brand's portfolio to a total of five flavours, including coated and uncoated offerings. The new SKU roll outs, which were supported by extensive online marketing campaigns, helped strengthen the company's leadership position in its core cakes segment and capture a growing market share.

At the bakery segment, Edita built on the strong momentum carried forward from 2019, capturing additional market share thanks to the success of its new Molto Sandwich and Molto Magnum product lines. Molto Sandwich is currently available in five different flavours including white istanbolli cheese, feta cheese, cheese with olives, hot pepper cheese and chocolate and hazelnut, further solidifying brand's position is the sweet baked goods market and unlocking new potential in the savoury segment. Meanwhile, the Molto Magnum is a croissant offering available in two flavours, chocolate and strawberry cheesecake. The launch of its Molto Magnum range was supported by the roll out of an extensive marketing campaign involving top-class celebrities which was very successful in driving demand for the new line. Both products have quickly become customer favourites, testament to Edita's ability to roll out products which best cater to customer preferences. In early 2021, the company leveraged the success of its Molto Magnum line to roll out a new Molto Mini Magnum product, available in chocolate and strawberry cheesecake flavours.

The department also worked to grow Edita's presence in the fast-growing wafer segment through the launch of several new product lines under its flagship Freska brand. In March 2020, Edita launched Freska Sticks for EGP 2 per pack. The new product roll out was later complemented with a dedicated activation campaign in September 2020. The wafer portfolio was further expanded in early 2021 with the launch of the new Freska Block, sold at EGP 3 per pack. The launch of Freska Block was also supported by effective go-to market strategy which aims to further expand Edita's market share.

Finally, at its candy segment, the company relaunched its toffee product line in July 2020 with the introduction of a new sub-brand, Frulla. The new product line includes strawberry, chocolate and cherry flavours, all retailing at EGP 3 per pack. The company's toffee range was reintroduced in response to growing demand for the product, proof positive of Edita's ability to capture changing market trends and swiftly adapt its product offering. In parallel, MiMix continued to expand its on-ground installations with display stands across its retail partners to highlight its products and further increase sales.

Online and Trade Marketing

Edita views maintaining a strong and engaging online presence as a vital aspect of its growth strategy as it allows for direct communication with customers, helping to strengthen the company's positioning, reach new demand segments and capture changing trends ahead of its competition. As such, Edita operates social media channels for all its brands where customers can follow updates and product launches as well as engage with the brand itself. The latter provides an opportunity for customers to express their feedback and helps the company tailor both new product launches and marketing campaigns to best suit consumer preferences.

In parallel, Edita is actively working to boost its trade marketing efforts by further capitalizing on its brand equity to increase product visibility through a range of display options to help drive sales by shaping consumer decisions at the point of purchase. On this front, Edita's is engaging in multiple initiatives including the instalment of branded metal booths for its product ranges at corner store retail, various on-the-ground activations campaigns, increased shelf space at large supermarkets, and the roll out of differentiated instalments with Edita branding throughout strategic key outlets. The department's efforts on this front are already paying off with the company witnessing increased consumer engagement and product sales.

Research & Development

❝
Edita's reputation as an innovator in the snack food industry is a direct result of the strength of its research and development department

Research & Development

The research and development department plays a central role in helping Edita remain at the forefront of an increasingly competitive snack food industry

Edita's reputation as an innovator in the snack food industry is a direct result of the strength of its research and development department. Leveraging the extensive industry experience of its R&D team, Edita is able to assess and understand changing consumer preferences and develop products which stimulate demand, generate consumer loyalty, and keep it a step ahead of its competition. Through continuous research, experimentation and application, the department empowers Edita's creative independence and helps to elevate its brand equity.

In 2020, despite the challenging operational environment, the department pressed on with its portfolio expansion efforts, helping Edita not only fend off the rising competition but increase its market share across all five of its more established product segments. This was made possible through the roll out of multiple new and upsized propositions, which diversified and further expanded its current offering and migrated consumers increasingly towards higher price points, a key pillar of Edita's growth strategy. New product launches for the year included coffee-flavoured HOHOs, Twinkies Zig Zag, Molto Sandwich, Molto Magnum, Freska Sticks as well as the reintroduction of its Frulla candy line. The company also rolled out several new upsized variations of current SKUs including a new upsized HOHOs Cream, upsized Twinkies Cream, and upsized uncoated chocolate and strawberry HOHOs. In parallel, the department played a leading role in supporting the company's entrance into Egypt's biscuit market, one of the industry's largest segments which is expected to present significant expansion opportunities in the coming years.

Idea

Marketing:
Concept brief

Research

- R&D/engineering feasibility study; regulatory compliance
- Supply Chain: Study on the procurement and prices of ingredients

Develop

- Prototype testing (lab-line trials) till approved
- Product testing (sensorial/ shelf life)
- PLS/nutritional packaging

Throughout 2020, Edita's research and development department continued to adapt its product portfolio to global food regulations, a process the company kicked off back in 2019. This enhances Edita's ability to manufacture healthy and nutritional products which comply with the global food regulations and standards, creating more value for consumers while maintaining its trademark personalized standards. As part of this transition, Edita's specialists are looking to implement targeted substitutions of certain elements with trans-fat free and non-hydrogenated ingredients, helping Edita to manufacture healthier products without compromising the taste and quality consumers have come to expect from the company's snacks.

Through constant innovation and alignment to the highest industry standards, Edita's research and development specialists continue to play a key role in helping Edita standout from the growing competition and maintain its leadership position in the local snack food industry. Heading into the new year, the department's focus remains unchanged. New product roll outs continued in early 2021, with the company launching its new Molto Mini Magnum, Freska Block and HOHOs Extreme. At the same time, the team continues to assess new opportunities to further expand its portfolio with a particular focus on strengthening its position in the newly penetrated biscuit segment. In 2021, Edita will continue to devote significant resources to enhance its research and development capabilities, an area which management views as a main driver of future growth and value creation for all stakeholders.

Testing

- Line trials and product sensorial evaluation
- Line modifications/ adjustments
- Packaging machinability trials/shipping test
- Market research
- Artwork development
- Line capability

Analysis

- Evaluation of market research results
- Final adjustments, final COGS
- Procurement of ingredients as per sales forecast and lead times

Intro

- Task force team for team alignment and setting launch date
- Issue a Know-How draft, prepare for launch
- First production is run under R&D lead, then gradually handed over to production/ quality teams
- Post-launch evaluation by sensory team

Industrial Operations

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Edita currently operates five ISO certified, state-of the-art facilities, encompassing 32 production lines and operating in full compliance with international best practice

State-of-the-Art Production Facilities

Across Edita's five state-of-the-art production facilities, the company deploys the latest technology and complies with the highest standards in food safety and manufacturing quality

Edita currently operates five ISO-certified, state-of-the-art facilities, encompassing 32 production lines and operating in full compliance with international best practice in food safety and quality management. To ensure that all plants are operating efficiently, Edita employs a thorough set of KPIs which are scrupulously evaluated by plant managers. Five of Edita's facilities are located in Egypt specifically in 6th of October City (E06, E07, E08), 10th of Ramadan City (E10), and in the Beni Suef industrial zone to the south of Cairo (E15). All of the company's production facilities have received the following certifications:

- Food Safety Management System (ISO 22000);
- Quality Management System (ISO 9001);
- Environmental Management System (ISO 14001);
- Occupational Health and Safety Management System (OHSAS 18001);
- Food Safety System Certification (FSSC 22000);
- The HALAL food certification; and
- All facilities are on the National Food Safety Authority (NFSA) Whitelist.

In its home market of Egypt, Edita successfully installed a new biscuits production line at its E08 facility. The new production line, which has an annual capacity of around 6.2 thousand tons, began producing Edita's first biscuits brand, Oniro, in May 2020. The company also successfully installed two new wafer production lines at its E08 facility to produce its new Freska Sticks and Freska Block products. The new lines have a combined annual capacity of around 11 to 12 thousand tons. In parallel, Edita also completed the necessary modifications on existing lines to produce its new Molto Sandwich and Molto Magnum product lines which were rolled out at the bakery segment in early 2020, as well as Molto Magnum Mini which was introduced at the start of 2021.

On the regional expansion front, Edita successfully completed the construction of its first overseas production facility in Morocco and is actively working to install the plant's first production line for cakes. The production line will have an annual capacity of around 2.7 thousand tons and will commence operations in 2021.

Covid-19 Response

From the very start of the Covid-19 pandemic, Edita introduced a detailed set of protocols and guidelines to safeguard the health and safety of all its staff while ensuring the continuity of its operations. The company's initiatives included a strengthening of its health and safety measures and putting in place contingency and business continuity plans for industrial production and supply chain management. More specifically, on the industrial operations front these included:

- Adjustment of industrial shift hours to account for government-imposed curfews and ensure continuity of operations;
- Provision of all necessary PPE equipment for production facility workers; and
- Communication of business continuity protocols to all employees through Edita's internal communication department to ensure optimal alignment and help navigate the difficult times.

2020 Quality Control

Throughout 2020, quality continued to be at the heart of Edita's operations. Between 2019 and 2020, Edita underwent rigorous auditing from the National Food Safety Authority (NFSA), ISO, FSSC and Halal bodies and successfully maintained all its quality and food safety certifications. As such, Edita has successfully renewed its Halal Certificate for two more years and the ISO 9001, ISO 22000 and FSSC 22000 certifications for an additional three years. Additionally, all of Edita's plants are on the NFSA Whitelist.

During the year, Edita also continued to rollout its Quality Module on SAP across all its production facilities. The introduction of this new tool sees the company take an important step towards the seamless integration between Logistics, Production and Quality on SAP. Despite the Covid-19-related difficulties faced in 2020, Edita has now successfully completed the rollout of the new tool across three of its five Egyptian production facilities, delivering on the target set at the start of the year.

6th of October - E07 (Hall A & B)

- Began operations in 2012
- Produces croissants, cakes, wafers and rusks
- Houses 9 production lines following the addition of 4 new lines in 2015
- Total land area of 50,000 sqm
- Total built-up area of 30,500 sqm

6th October City - E06

- Began operations in 1997
- Produces croissants, cakes and rusks
- Houses 10 production lines
- Total land area of 33,638 sqm
- Total built-up area of 22,065 sqm

6th October City - E08

- Began operations in 2017
- Produces cakes, wafers and biscuits
- Houses 4 production lines with space for 7 more
- Total land area of 55,000 sqm
- Total built-up area of 36,000 sqm

10th of Ramadan - E10

- Acquired in 2003
- Produces cakes
- Houses 4 production lines
- Total land area of 11,733 sqm
- Total built-up area of 7,592 sqm

Beni Suef - E15

- Began operations in 2011
- Produces hard candy, hard filled candy and soft candy
- Houses 4 production lines
- Total land area of 25,611 sqm
- Total built-up area of 11,525 sqm

Morocco Manufacturing Facility

- Operations to begin in 2021
- First cake line currently being installed
- Total land area of 13,000 sqm
- Total built-up area of 8,232 sqm

Exports & International Markets

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Edita maintains a regional presence through exports to 17 foreign markets across the Middle East and North Africa

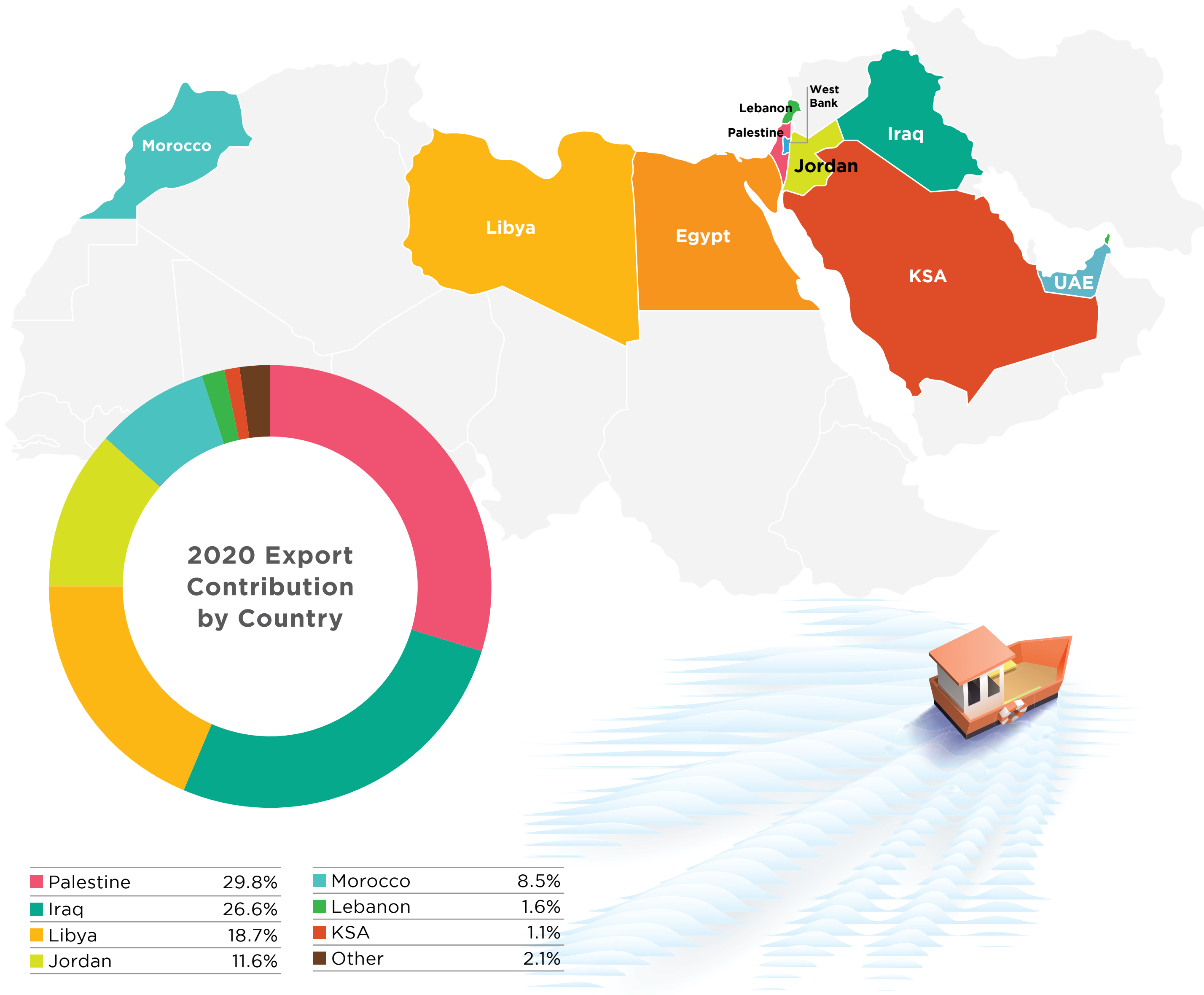
Exports & International Markets

Increased restrictions on international trade following the outbreak of Covid-19 in 2020 posed significant operational difficulties for Edita's regional export efforts. Nonetheless, Edita maintained a regional presence through exports to 17 foreign markets across the Middle East and North Africa, with total export sales standing at EGP 251.0 million in 2020 and contributing 6.2% of total sales for the year. Edita's top markets included Iraq, Palestine and Libya, which together accounted for 75% of Edita's export revenues in 2020. Edita also maintains a direct, on-the-ground presence in Morocco through its subsidiary Edita Food Industries Morocco. 2020 was a landmark year for Edita's Moroccan operations as the company completed the construction of its first overseas manufacturing facility.

Edita's Export Strategy

Edita is actively working to grow its export footprint as a key pillar of its long-term growth strategy. This involves efforts to penetrate new markets while cementing the company's presence in existing markets. Ultimately, Edita aims to transform the company into a multi-country player able to capture cross-border growth opportunities by leveraging its proven and flexible business model. The benefits of expanding Edita's regional footprint include accessing a wider customer base while further diversifying the company's revenue streams and building resilience against cyclicality in any individual market.

When assessing new opportunities, Edita concentrates on countries characterized by fast-growing, young populations and favourable macroeconomic backdrops, providing for strong structural growth drivers as well as consumption and lifestyle patterns that play into Edita's growth trajectory. The short-term difficulties faced following the outbreak of Covid-19 have not altered Edita's long-term regional expansion ambitions. Edita's management remains attentively on the lookout for both organic and inorganic expansion opportunities offering exposure to emerging markets with large consumer bases and significant growth potential. In parallel, to facilitate the entrance into new markets and strengthen its position in existing ones, Edita will continue to secure trade and distribution agreements with leading international distributors operating in new and existing markets to supply logistical and marketing assistance to the company.



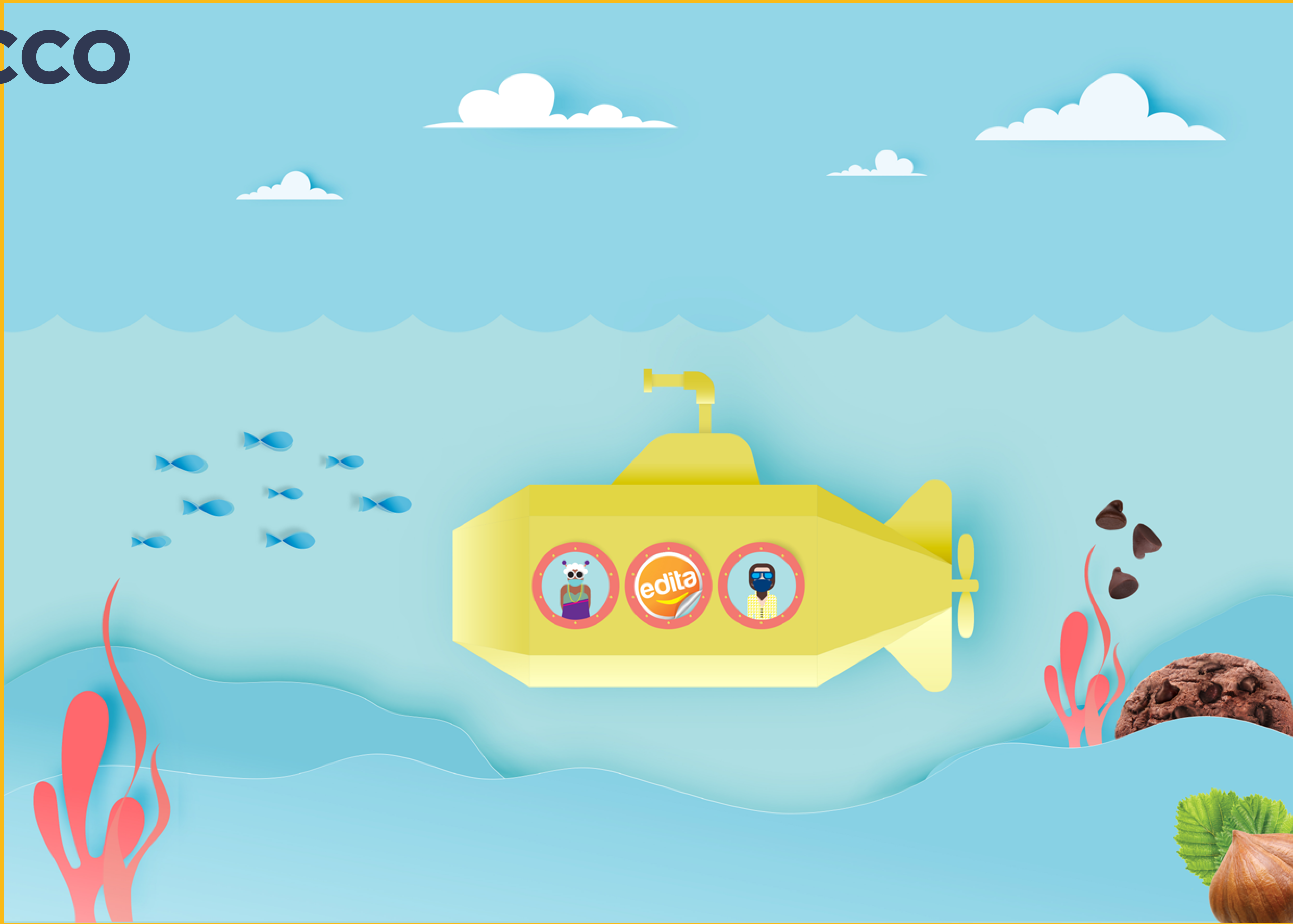
Palestine	29.8%	Morocco	8.5%
Iraq	26.6%	Lebanon	1.6%
Libya	18.7%	KSA	1.1%
Jordan	11.6%	Other	2.1%

251.0 EGP mn
Export sales in 2020

6.2%
Export contribution to total sales in 2020

+17
Export Countries in 2020

EDITA Morocco



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The completion of Edita’s first overseas manufacturing facility is a landmark achievement and sees the company deliver on its regional expansion strategy

Edita Morocco

Edita entered the Moroccan snack food market in 2018 through Edita Food Industries Morocco, a joint venture with leading FMCG distributor the Dislog Group. In the same year, Edita also completed the registration of its Freska brand in Morocco, and immediately began exporting its wafer products to the Kingdom. In parallel, the company began laying the groundwork for the construction of its first greenfield overseas manufacturing facility. Construction of the facility was completed in the fourth quarter of 2020, and the company is currently installing the facility's first production line. This is a landmark achievement for Edita which sees the company deliver on its regional expansion strategy by further strengthening its presence in Morocco while laying the groundwork for future growth across the region.

About Dislog Group

Dislog Group is one of Morocco's leading FMCG distributors with a substantial network of distribution points, fleets and regional warehouses across the Kingdom serving the demands of 36 million consumers nationwide. The group covers the full sales and distribution value chain from factory to consumer and is the trusted partner of global brands.

The Moroccan Snack Food Market

With 50% of the country's population under the age of 30, the Moroccan market offers Edita access to 18 million potential consumers. As at year-end 2020, the Kingdom's total FMCG market was valued at MAD 40 billion. Moreover, a recent drive to attract foreign investment to the sector saw the introduction of favourable macroeconomic policies, trade liberalization, structural reforms, major infrastructure improvements, and incentives for investors. Furthermore, Morocco has access to a large international market of around 1.2 billion consumers, which continues growing as the Kingdom signs unique free trade agreements. It currently holds agreements with the Arab Free Trade Zone (since 2003) and the Turkey Free Trade Zone (since 2005), a free trade agreement with the United States of America (since 2004), the Agadir Agreement with Jordan, Egypt and Tunisia (since 2001), and an Association Treaty with the European Union. Morocco was also among the 44 African states that formed the African Continental Free Trade Area (CFTA) in 2018, which is pursuing a combined gross product of over USD 3 trillion.

900
Distribution Vehicles

24
Storage Sites

70,000
Points of Sale

In June 2020, the Moroccan government approved an agreement preserving the partnership between Morocco, Great Britain, and Northern Ireland. The agreement seeks to preserve the existing bilateral relations between Morocco and the UK following the completion of the Brexit process while further strengthening the cooperation between the two countries as the first step for unprecedented growth in their bilateral cooperation.

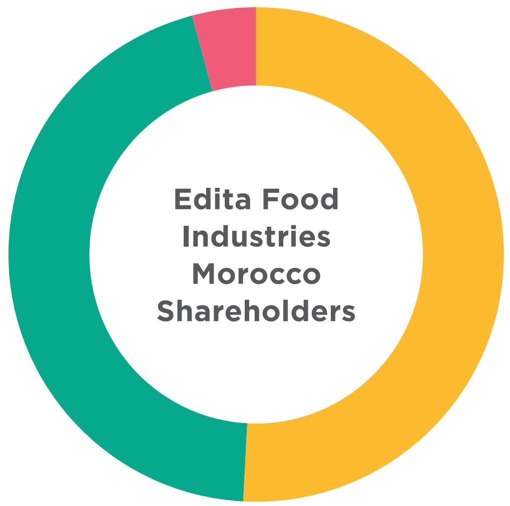
As with many countries around the world, Morocco was adversely hit by the Covid-19 pandemic and the related restrictive measures, with the country's economy expected to contract 6% in 2020. However, the strong macroeconomic fundamentals, the credibility of its macro-fiscal framework, its relatively large external buffers and its good access to international financial markets are expected to help the country recover and return to its pre-crisis growth trajectory over the coming two years.

Facility Overview and Updates

In June 2020, the company secured new financing for its expansion in Morocco, including a MAD 80 million loan with a seven-year tenor to finance construction of the overseas facility and procurement of production lines. This follows the MAD 15 million grant agreement with the Moroccan government signed in October 2019 as part of a homegrown incentive program.

Despite the difficulties posed by Covid-19, construction progressed according to plan and was completed in the final quarter of 2020. The company is now working on installing the facility's first production line and operations are expected to commence in 2021.

2,000
Employees



Edita	51%
Dislog	45%
Technical Middle East Trading Company	4%

Sales & Distribution

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Edita's strong distribution network and wide geographical reach ensure the company remains at the forefront of the increasingly competitive Egyptian snack food industry

Sales & Distribution

Edita's strong distribution network and wide geographical reach continue to play a key role in the company's ability to remain at the forefront of the increasingly competitive Egyptian snack food industry. Through its 25 distribution centers, 681 sales representatives, and 847 distribution vans, Edita served over 65 thousand clients between wholesale, retail, key accounts and direct supply in 2020 with its network extending to the far reaches of the country. The strength of its distribution and sales function also allows Edita to achieve optimal price-point segmentation across its distribution channels and income levels, a key pillar of the company's long-term growth strategy.

Distribution Channels

Retail and Traditional Trade

The retail and traditional trade distribution channel is largely made up of kiosks and small, independent retail stores, and is at the heart of Edita's long-term sustainable growth strategy. The heavy reliance on the retail and traditional trade distribution channel allows Edita to get a more accurate feel for changing consumer preferences resulting in constantly improving satisfaction levels, as well as strategically adapt to market fluctuations. This is especially important in light of Edita's continued efforts to rollout new, innovative products which best cater to consumers' evolving tastes and preferences. Moreover, the channel has proven to be more receptive to higher price points compared to other channels, allowing for higher value extraction and supports profitability.

Wholesale

Edita views its wholesale channels as a significant driver of its widening geographic reach and ability to serve consumers across the nation. As such, the company places its partnerships with wholesalers as a high priority and is constantly working to foster better relationships. During the second quarter of 2020, Edita expanded its loyalty-building initiatives including gatherings for the top 200 customers and quarterly incentives for the company's 200 top wholesale clients.

Key Accounts

Key accounts are mainly comprised of modern trade channels, such as supermarkets, and offer high-potential partnerships for companies like Edita. Their continued growth in recent years across Egypt has seen Edita focus increasingly on this channel as it pursues its portfolio optimization strategy that leverages more premium, higher-priced products.

Direct Supply

Direct supply allows Edita to build brand loyalty amongst its younger customers with the company delivering products directly to schools and universities around the country without the involvement of third parties.

Growing our Distribution Capabilities

One of Edita's strategic priorities in 2020 was to strengthen and streamline its sales and distribution function to widen its reach across the country while driving further operational efficiencies. Throughout the year, Edita added more than 200 new distribution vehicles, taking the total to 847 as at year-end. The company also inaugurated three new distribution centers, bringing the total to 25. Edita's investments in this area have already started to deliver results as the company's retail channel's contribution to total gross sales for the year stood at 37.8% in 2020 up from 32.3% in the previous year.

To finance the expansion of the company's distribution capabilities, Edita's subsidiary Digma S.A.E, which oversees the company's distribution operation, signed a medium term loan in March 2020 for EGP 155 million with a five-year tenor.

Heading into 2021, Edita's expanded distribution capabilities will play a key role in continuing to stimulate a recovery in demand while supporting the launch of new products and helping the company pursue its ambitious longer-term growth strategy.

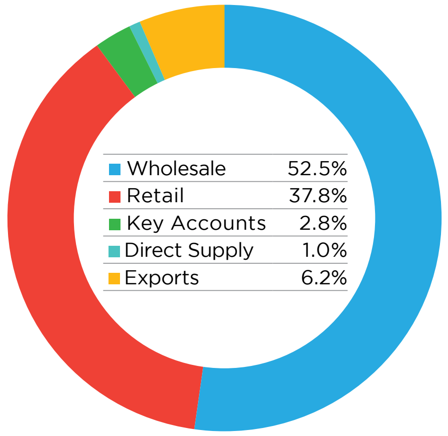
Digitising the Function

Edita has worked to integrate technology across all aspects of its business with a particular focus on its sales and distribution function. Digitalizing the sales and distribution process opens up the door for important efficiency gains and cost savings, helping Edita to drive further operational and financial growth in the future. The company deploys innovative technology such as handheld devices and data warehouses containing a log of daily sales transactions. Each salesperson is given a handheld device to operate, with the ability to instantly extract information in reports for monitoring, analysis of client visits and evaluate their success rate, analyse customer purchases by SKU, optimize sales routes and visits and enforce stricter control over the entire process.

In late 2020, the company announced the roll out of an upgraded digital tool to fully automate its sales and distribution function. The system, launched in partnership with SAP, is set to be rolled out across more than 700 devices over 25 distribution centres. The digital tool was tailored specifically to improve all aspects of the company's distribution process from selecting the optimal route for drivers to transitioning to an online invoicing procedure.

25
Distribution Centers

+65,000
Clients Served



847
Distribution Vehicles

1,462
Total Sales Force

681
Sales Representatives

Supply Chain

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Edita’s supply chain department worked tirelessly throughout 2020 to ensure the company was well prepared to tackle possible supply chain disruptions

Supply Chain

Edita's supply chain department works to ensure an efficient flow of operations from procurement of raw materials to manufacturing, logistics, warehousing and quality control

Edita's supply chain department oversees several crucial aspects of the company's day-to-day business and plays a key role in ensuring the efficient and smooth flow of operations. From the sourcing and procurement of raw materials to the testing and vetting of suppliers to ensure the highest standards of quality, the department is involved in every step of the planning, procurement and warehousing processes. To maximize operational efficiency, the supply chain department employs the latest digital systems such as SAP and other internationally recognized sales and operational planning processes that are in-line with global best practices. In parallel, the department works diligently to identify new producers, with a focus on local ones to ensure that the company's supply stream remains consistent while managing costs.

2020 Highlights and Covid-19 Response

In 2020, Edita's supply chain department played a crucial role in ensuring the continued flow of operations despite the unexpected challenges posed by the Covid-19 pandemic and the restrictive measures introduced to help curb its spread. Under the guidance of the company's management and risk committee, Edita's supply chain team reinforced its existing supply chain management protocols to ensure they reflected the unique difficulties presented by the Covid-19 crisis. The department's Covid-19 response involved a three-stage strategy which proved highly successful and ensured that the company maintained sufficient stocks of raw materials needed to continue satisfying consumer demand throughout the year.

1. React (immediate response and strategy development)

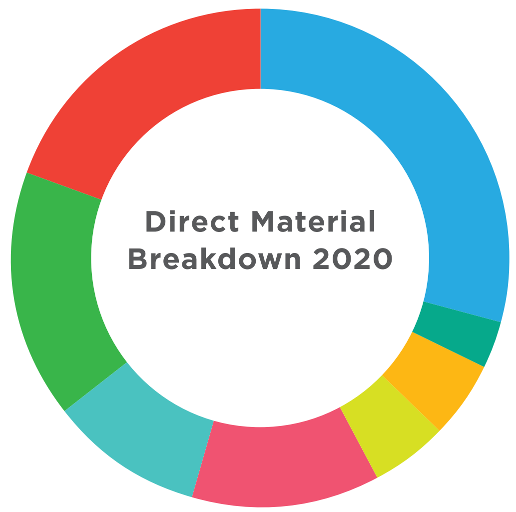
Increase strategic stock of important materials as well as finished goods to ensure adequate levels of supply were maintained at all times in light of possible supply chain disruptions.

2. Reassess

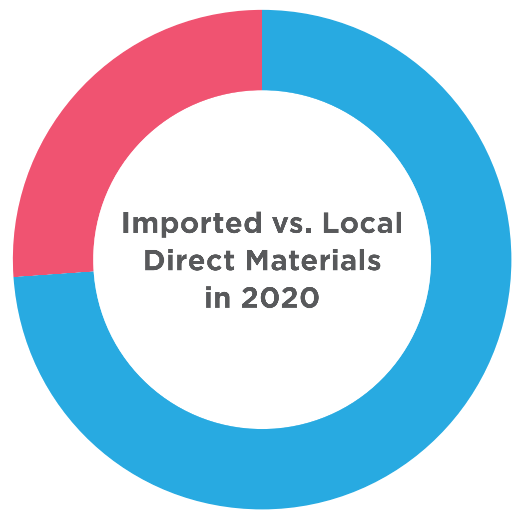
- Continuous monitoring of markets to ensure Edita maintained safety stocks in its warehouses; and
- Constant reassessment of protocols to ensure they best reflected on-the-ground developments as the crisis progressed.

3. Rebuild (longer-term strategy for the year)

- Leveraged Edita's strong market position and favourable reputation to secure both locally-sourced and imported direct materials at lower prices in comparison to competition;
- Expanded supplier base to shield the company from one-off disruptions; and
- Continued implementation of Edita's localization project to acquire an increasing number of raw materials from reputable local producers.



Packaging Materials	29%	Flour	12%
Milk Powder	3%	Sugar	10%
Cocoa Powder	5%	Oil & Fats	16%
Eggs	5%	Other	19%



Local	74%
Imported	26%

Edita's supply chain department constantly refines and updates its supply chain protocols under the guidance of the risk committee who vigilantly evaluates the evolving Covid-19 pandemic.

Despite the challenging operating environment, the department continued to support the company in the launch of new products. Throughout 2020, the supply chain team played a key role in the launch of 22 new SKUs which further expanded and diversified Edita's current offering and helped it deliver on its portfolio growth targets for the year.

Our People

❝

During 2020, Edita's HR team played a key role in looking after all of Edita's employees during the challenging times, both professionally and personally

Human Resources

During 2020, Edita's human resources (HR) function played a key role in looking after all of Edita's employees during the challenging times, both professionally and personally. The HR department's employed a multi-pronged strategy to effectively respond to the pandemic and cater to the changing needs of staff during the crisis. The strategy focused on several aspects including:

- Providing effective communication on evolution of crisis;
- Strengthening virtual communication tools and enforcing social distancing guidelines;
- Ensuring that all employees continued to develop professionally despite the challenging environment; and
- Cost saving initiatives in accordance with Edita's wider cost control efforts for the year.

Effective Communication

In light of the constantly evolving nature of the crisis, it was of the upmost importance to effectively communicate to all staff the company's initial health and safety and business continuity protocols and subsequent updates to ensure that all staff were kept up to speed at all times. This was done utilizing the various internal communication channels which were further strengthened at the very start of the crisis. Moreover, the department worked to enhance all internal and external communication tools to ensure that as many meetings as possible were held virtually to avoid face-to-face interaction within and outside the company.

Social Distancing and Safety Guidelines

Since the very start of the crisis, the HR department was responsible for ensuring that all employees were made aware of and adhered to the strict health and safety and social distancing protocols introduced by the company. On the social distancing front, in addition to banning face-to-face meetings and in-person training, the department's immediate efforts focused on developing and implementing a rotational system for head office staff to ensure that no more than 50% were in the building at any one time. This proved essential in ensuring all day-to-day activities could continue in full adherence with the government's and the World Health Organization's safety guidelines.

Virtual Training and Professional Development

Despite the challenging environment, the HR department continued to work to ensure that all employees had access to the tools and programs they needed to advance professionally. To comply with safety guidelines, all training and development transitioned to a virtual setting.

Edita Internal Training and Development Highlights

In 2020, Edita's HR department launched new virtual learning and development programs which enabled all internal training and development to take place online. The new programs allow employees to attend seminars and courses from anywhere utilizing various devices. Through the new system, users can interact amongst themselves and view all the tools needed for the various courses to effectively communicate the training material.

The virtual training plan was centred on the theme of "It's Time to Become Agile" and provided useful insights to employees on how to best handle the ongoing Covid-19 crisis both on the workplace and at home. The courses received a 95% satisfaction rating. Throughout the year, the HR department organized 16 virtual programs, running a total of 23 sessions, which were attended by more than 270 employees. In the coming year, the department plans to add new courses to its current offering while further enhancing the platform's capabilities.

External Training and Development

As part of Edita's training and development offering, the company also provides employees with the opportunity to attend courses and seminars organized outside the company. These include self-study programs or virtual seminars. Throughout the year, more than 100 employees took part in external training and development programs, for a total of 824 training days.

Edita Quality Academy

In 2020, Edita's Quality Academy International Certificate Program continued to provide participants with world-class training, focusing on quality and productivity improvement at Edita's manufacturing lines. Most notably, the company delivered a three-day course attended by 19 employees where the company provided the necessary Six Sigma training for the attendees to become internal trainers themselves. At the end of the Six Sigma Yellow-belt Awareness Training for the production, maintenance and quality of manufacturing plants, all participants received the Green-belt certification, allowing them to advance to the next stage and become internal trainers.

Cost Control Initiatives

In line with Edita's wide-ranging cost control initiatives implement throughout 2020, the HR department intervened on several fronts to reduce and optimize employee related costs. The department's work included:

- Savings on expenses for salaries, benefits and HR department expenses;
- Temporary freeze on all hiring, limiting it to the replacement of a few essential operational positions in order not to impact business continuity throughout the year;
- Temporary halt to promotions and raises;
- Reductions in the departments initiatives and administration costs related to the training and recruitment function; and
- Temporary stop to employee benefits such as the car ownership program.

Executive Management

Eng. Hani Berzi
Chairman and Managing Director

Mr. Berzi has 34 years of experience in the food and beverage industry, having started his career in 1986 by joining Tasty Foods Egypt, his family's snack food business. Mr. Berzi subsequently held the position of Sales and Marketing Vice President at Tasty Foods Egypt, after a sale of a part of its shares to PepsiCo, from 1990 to 1992. In 1993, he established Digma Trading, a food products distributor. Mr. Berzi became a member of the Board of Edita Food Industries in 1996 and became the Managing Director and Chairman of the Board in 2006. Previously, he was a member of the Boards of a number of companies in the food and beverage industry, including Technopack in 1987, Rotopak in 1989 and Egypt Sack in 1997, and has also served as a Board Member of the Federation of Egyptian Industries. Mr. Berzi has also served as a member of the Board of the Chamber of Food Industries and the Egyptian Centre for Economic Studies and is the Chairman of the Egyptian-Greek Business Council (Egyptian side) and is the Chairman of the Food Export Council. He graduated from Ain Shams University (Cairo, Egypt) with a BSc in Computer and Control Engineering.

Mr. Samir Nabih Aziz Berzi
Vice Chairman

Mr. Berzi has 38 years of experience in the food and beverage industry, having started his career by joining Tasty Foods Egypt. In 1983, Mr. Berzi founded Berzi Confectionery, which was later acquired by Tasty Foods Egypt. He subsequently held the position of Industrial Operation Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo. Mr. Berzi has also established a number of companies including Digma Trading, a fast-moving consumer goods distribution company, and Edita Food Industries. Mr. Berzi became a member of the Board of Edita Food Industries in 1996. He is also the Chairman of Digma Trading and Edita Confectionery Industries, a member of the American Chamber of Commerce, a member of the Board and Shareholder of Le Pacha 1901, a Board member and Shareholder of Mirage Hotels S.A.E, which owns the JW Marriott at Mirage City, a Board Member and Shareholder of Sakkara Tourism Investment S.A.E, which owns the Mirage City compound in New Cairo. He graduated from Cairo University (Cairo, Egypt) in 1982 with a BA in Commerce.

Mr. Sameh Naguib
Vice President (Finance) and Chief Financial Officer

Mr. Naguib joined Edita following his most recent stint as Chief Financial Officer and a member of the Board of Directors of the ASEC Company for Mining, an EGX-listed company better known as ASCOM, which he joined in late 2011. Naguib's earlier professional track record includes a more than 10-year run with Heineken International, where he held a series of increasingly senior positions in Egypt, Algeria and the Netherlands, including business controller for the group's activities across 10 countries in the Middle East and Africa. Naguib entered the workforce as an assistant to the Minister of Economy and Foreign Trade in 2000 before joining Al Ahram Beverages Co. in 2001 as a financial analyst prior to that company's acquisition by Heineken. He worked on the group's EGP 250 million El Gouna Beverages Group acquisition before going on to become costing manager responsible for both the company's primary factory and its raw materials plants. He was later promoted to become regional business controller for Africa and the Middle East with responsibilities for 10 countries. After a two-year stint in that role, Naguib was seconded to Heineken's Algerian subsidiary, where he was finance director from January 2009 until he joined ASCOM as CFO and Board Member in October 2011.

Mr. Alfred Younan
Vice President Sales and International Markets

Mr. Younan has 29 years of experience in the FMCG industry and joined Edita Food Industries as National Sales Manager in 2005 before assuming his role as Vice President— Sales and International Business in 2007. Previously, he worked as Business Development and Export Director at Hero Middle East from 2002 to 2005, National Sales and Distribution Director at Al Ahram Beverages (a member of the Heineken group) from 2000 to 2001, Marketing and Sourcing General Manager at Mansour Distribution Company (Distributor of Philip Morris in Egypt) from 1997 to 2000 and the Horn of Africa Representative at Philip Morris from 1994 to 1996. He graduated from Alexandria University (Alexandria, Egypt) in 1992 with a BA in Commerce, and completed the International Marketing Program at INSEAD (Fontainebleau, France) in 1998 and the Executive Development Program at Kellogg School of Management (Chicago, USA) in 2009.

Eng. Mohamed El Bahey
Vice President Supply Chain

Mr. El Bahey has 25 years of experience in the FMCG industry in Egypt, Middle East and North Africa, he joined Edita Food Industries as Vice President—Supply Chain in 2012. Previously, Mr. El Bahey was working for Kraft Foods for 8 years from 2004 till 2012. During his career with Kraft he held several assignments as Supply Chain Director, as well as Sale Director at Kraft Foods Egypt. His last assignment was in Algeria as Managing Director and CEO of LU Algerie, the French biscuit subsidiary acquired by Kraft Foods in 2007. He has also been member of the Executive Management committee of Kraft Foods Egypt from 2004 to 2012 and Managing Director of Kraft Foods Distribution Limited from 2006 to 2012. Mr. El Bahey, started his career with Gillette Egypt in 1995 as production Engineer. He spent 9 years with the company where he had several assignments in Egypt, Dubai and Morocco. He held the position of Value Chain Manager for Egypt, North Africa and Pakistan. He has been member of the executive management committee of Gillette Egypt, Pakistan and Morocco from 2001 till 2004. He graduated from Ain Shams University in 1995 with a BSc in Engineering (Mechanical Power Section).

Mr. Maged Tadros
Vice President Human Resources and Administration

Mr. Tadros has over 31 years of experience in human resources and joined Edita as Vice President—HR and Administration in 2010. Before joining Edita, Mr. Tadros was Human Resources Development Manager at Al Ahram Beverages (a member of the Heineken group) from 2006 to 2010 and as an Independent Organisational Development Consultant from 2004 to 2006. Prior to that, he worked as Training and Development Senior Supervisor at Vodafone Egypt from 1998 to 2004. Mr. Tadros is certified as a Human Resources Assessor and Franklin Covey Trainer. He graduated from Helwan University (Cairo, Egypt) in 1986 with a BA in Hotel Management.

Ms. Ahmed Samy
Vice President Marketing

Mr. Samy has over 18 years of experience in marketing and brand management and currently serves as Edita's Vice President — Marketing. Mr. Samy joined the company in 2014 as Marketing Manager for the cakes & bakes categories before getting promoted to Group Marketing Director responsible for the entire brand portfolio and finally his current position. Prior to joining Edita, he held a variety of marketing and sales positions, including Marketing & Wholesales Senior Manager at Bavarian Auto Group, the sole importer of BMW and MINI in Egypt, Senior Brand Manager at the Non-Alcoholic Division for Heineken Egypt, Sales and Retail Manager for the Consumer Electronics — Near East Area at Philips and began his career at British American Tobacco where he held a variety of marketing roles. He holds a BSc in Mechanical Engineering from The American University in Cairo with a double specialization in Design & Industrial Engineering.

Mr. Ehab Sobhi
Vice President Industrial Operations

Mr. Sobhi has over 26 years of experience in the international FMCG market, best showcased through a proven track record of mega-project executions in greenfield and brownfield contexts. He joined Edita as Group Engineering & New Investment Director in 2015, later assuming the role of Operations Director in 2018 where he leads plant operations in Egypt and Morocco. Before joining Edita, Mr. Sobhi was with PepsiCo Egypt, where he occupied versatile operational roles across its beverage and snacks market units between 2003 and 2015. He launched his career with the company as Technical Manager, and later moved on to the roles of Plant Manager, Manufacturing Director, and finally, Engineering Director. Prior to this, he assumed the role of Operations Manager at Food Machinery Trading between 1995 and 2003. Mr. Sobhi graduated from Cairo University in 1994 with a BSc. in Engineering.

Mr. Sherif Shaker
Director of Internal Audit and Corporate Governance

Mr. Shaker has 36 years of experience in finance and auditing and joined Edita Food Industries as Financial Manager in 1997 and is now the company's Senior Internal Audit and Corporate Governance Director. Previously, Mr. Shaker was Financial Manager at Peugeot Egypt from 1993 to 1997, Accounting Supervisor at Hoechst Egypt Pharmaceutical Company from 1991 to 1993 and held various positions at PricewaterhouseCoopers from 1983 to 1991. Mr. Shaker is a Certified Director of the Egyptian Institute of Directors (EIoD). He graduated from Ain Shams University with a BA in Commerce in 1983 and obtained his MBA from the Arab Academy Graduate School of Business (Alexandria, Egypt) in 2009, specialising in Finance, Investment and Banking.

Ms. Menna Shams El Din
Investor Relations and Business Development Sr. Director

Ms. Shams El Din has over 17 years of experience in investment, corporate strategy, economics and finance and currently serves as Senior Director of Investor Relations & Business Development at Edita. Prior to joining Edita, Ms. Shams El Din served as Vice President of Pharos Asset Management, where she evaluated the company's investment opportunities while also managing the portfolios of high-net-worth individuals and public institutions. In the past, Ms. Shams El Din has also served as a Research Analyst for Morgan Stanley based in Dubai, UAE, an Economist for EFG Hermes Research based in Cairo and held positions at Vodafone Egypt where she helped develop marketing strategies. She holds a BA in economics and a minor in psychology from The American University in Cairo.

Mr. Panagiotis Papadodimas
Research and Development Director

Mr. Papadodimas has 20 years of experience in research and development and joined Edita as Research and Development Director in 2014. Before joining Edita, Mr. Papadodimas was Senior Research and Development Food Developer and Continuous Improvement Coordinator at E.J. Papadopoulos from 2011 to 2014, Research and Development Scientist at General Mills from 2005 to 2009 and Jotis from 2001 to 2005. He graduated from the University of Surrey (Guildford, United Kingdom) in 1998 with a BA in Chemistry and from the University of Reading (Reading, United Kingdom) in 1999 with a MSc in Food Science and Technology. He obtained his MBA from Alba Graduate Business School (Athens, Greece) in 2010.

Mr. Shady Farid
General Manager – Morocco

Mr. Farid has over 26 years of experience across multi-national and private equity high profile FMCG/CG organizations. He currently serves as General Manager and Executive Director of the Board of Edita Morocco. Prior to joining Edita, Mr. Farid worked as the Chief Commercial Officer (CCO) at B.TECH, the market leader in home appliances and consumer electronics in Egypt. His earlier track record comprises 18 years of progressive assignments at The Coca-Cola Company in Egypt & North Africa, including Egypt Franchise Manager, and promoted to Egypt Commercial Director, where he managed an operating market with annual turnover in excess of USD 500 Million and led the commercial turnaround of the company's Egyptian operations. Mr. Farid graduated from Cairo University with a BSc in Systems and Biomedical Engineering; and later went on to earn his MBA from The American University in Cairo, where he currently gives-back as Adjunct Professor of Commercial Strategy and Operations Management.

Management Discussion & Analysis

"Edita's performance in 2020 is truly the culmination of years-long efforts and reflects the impact of long-sighted strategies

Resilient Results for 2020

Edita recorded revenues of EGP 4.0 billion in 2020, largely stable year-on-year and showcasing the company's resilience in the face of the difficult operating environment following the outbreak of Covid-19

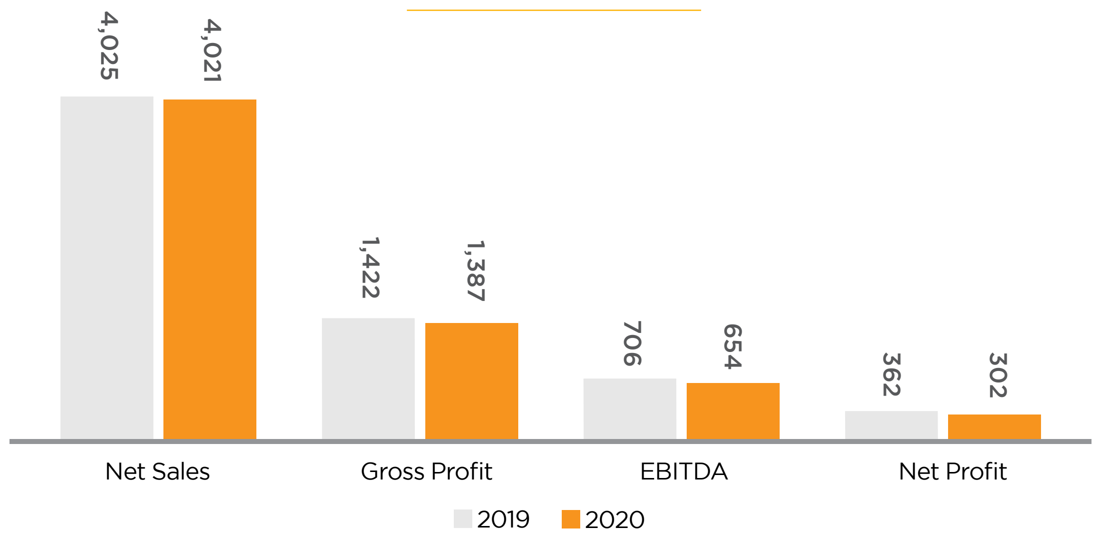
Edita's results in 2020 display the company's resilience and flexible business model that has allowed it to weather the challenges brought about by Covid-19. Overall, Edita recorded revenues of EGP 4,021.1 million in 2020, largely stable compared to revenues recorded in 2019. Gross profit recorded EGP 1,387.4 million for the year, with a gross profit margin of 34.5%. Edita's bottom-line stood at EGP 302.2 in 2020, with an associated margin of 7.5% compared to 9.0% last year.

The company's top-line was supported by better pricing and portfolio optimization throughout the year, which helped offset the decline in volumes following the roll out of restrictive measures to curb the spread of the virus. Edita's average price per pack expanded 10.0% y-o-y to EGP 1.62 for 2020. On the other hand, the total number of packs sold during the year fell 9.2% versus 2019.

Summary Income Statement

EGP mn	2020	2019	Change
Revenue	4,021.1	4,025.3	-0.1%
Gross Profit	1,387.4	1,422.3	-2.5%
% Margin	34.5%	35.3%	
EBITDA	653.7	705.9	-7.4%
% Margin	16.3%	17.5%	
Net Profit	302.2	362.3	-16.6%
% Margin	7.5%	9.0%	

Snapshot of Results

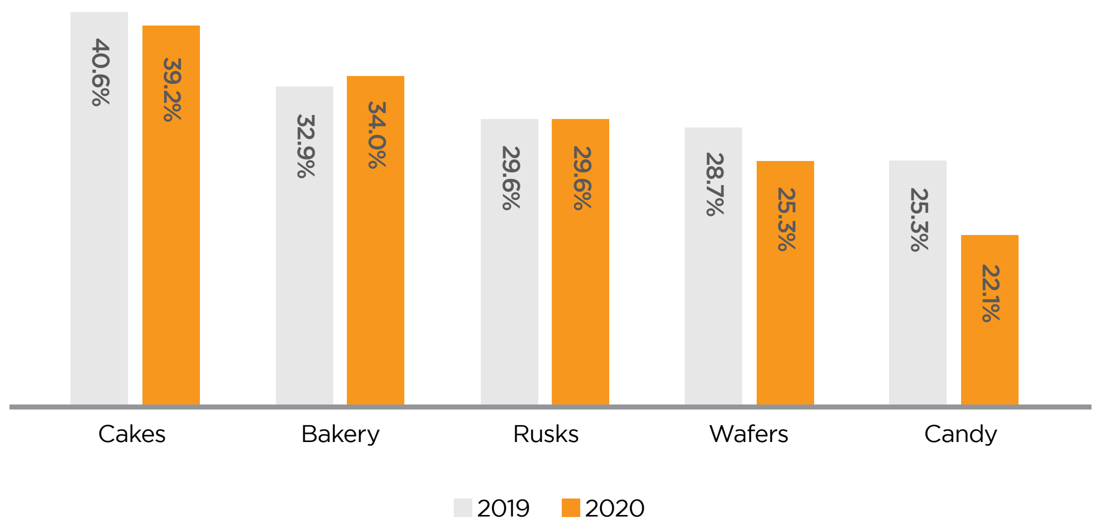


Segment Performance

On a segment basis, Edita's consolidated top-line was supported by its bakery segment which recorded revenues of EGP 1,507.0 million in 2020, up 10.7% versus last year. The segment's strong performance came on the back of a 17.6% y-o-y rise in average price per pack, which offset a 5.9% y-o-y contraction in packs sold. At the cakes segment, revenues fell 3.5% y-o-y in 2020 as a 10.5% y-o-y contraction in volumes offset a 7.9% y-o-y increase in average price per pack. Revenue from the wafers segment reported a marginal 0.3% y-o-y contraction for the year as a 4.5% y-o-y rise in volumes sold largely offset a 4.6% y-o-y fall in average price per pack. Revenues from the rusks segment declined 27.0% y-o-y, on the back of lower volumes during the period. Finally, at the company's candy segment revenues rose 1.6% y-o-y in 2020 as average price per pack increased 11.5% y-o-y and offset an 8.9% y-o-y fall in volumes.

On the gross profit level, the bakery segment was the top performing segment in 2020, reporting gross profits of EGP 512.8 million, up 14.4% y-o-y, and with a gross profit margin (GPM) of 34.0% in 2020 versus 32.9% last year. The company's cake segment recorded a gross profit of EGP 669.7 million in 2020, with a GPM of 39.2% for the year. At the rusks segment gross profit recorded EGP 85.2 million with GPM standing at 29.6% unchanged from last year. At the wafer segment gross profit recorded EGP 85.2 million with a GPM of 25.3%. Finally, at the candy segment gross recorded EGP 34.8 million in 2020, with an associated margin of 22.1%.

Gross Profit Margin by Segment



Revenue and Gross Profitability by Segment

EGP mn	2020	2019	Change
Cakes			
Revenue	1,710.5	1,772.3	-3.5%
Gross Profit	669.7	719.3	-6.9%
Gross Profit Margin	39.2%	40.6%	-1.4pts
Bakery			
Revenue	1,507.0	1,361.2	10.7%
Gross Profit	512.8	448.2	14.4%
Gross Profit Margin	34.0%	32.9%	1.1pts
Rusk			
Revenue	287.8	394.2	-27.0%
Gross Profit	85.2	116.8	-27.1%
Gross Profit Margin	29.6%	29.6%	-
Wafers			
Revenue	336.2	337.0	-0.3%
Gross Profit	85.2	96.8	-12.0%
Gross Profit Margin	25.3%	28.7%	-3.4pts
Candy			
Revenue	157.6	155.1	1.6%
Gross Profit	34.8	39.2	-11.2%
Gross Profit Margin	22.1%	25.3%	-3.2pts
Biscuits			
Revenue	17.8	-	-
Gross Profit	(2.7)	-	-
Gross Profit Margin	-	-	-
Total Revenues*	4,021.1	4,025.3	-0.1%
Total Gross Profit*	1,387.4	1,422.3	-2.5%
Total GPM	34.5%	35.3%	-0.8pts

**Includes contributions from Edita's imports segment*

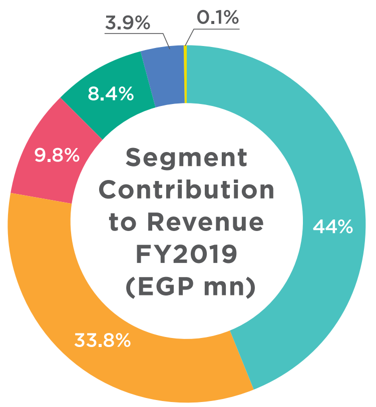
2020 Revenue Growth by Segment

Segment Volumes and Prices

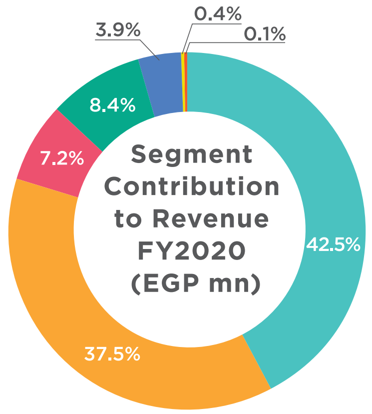
EGP mn	2020	2019	Change
Cakes			
Packs (mn)	1,308	1,462	-10.5%
Tons (000s)	42.2	41.2	2.4%
Av. Factory Price (EGP)	1.31	1.21	7.9%
Bakery			
Packs (mn)	722	767	-5.9%
Tons (000s)	38.4	34.5	11.2%
Av. Factory Price (EGP)	2.09	1.78	17.6%
Rusk			
Packs (mn)	158	222	-28.6%
Tons (000s)	6.2	8.6	-27.2%
Av. Factory Price (EGP)	1.82	1.78	2.3%
Wafers			
Packs (mn)	213	204	4.5%
Tons (000s)	5.8	5.9	-1.6%
Av. Factory Price (EGP)	1.57	1.65	-4.6%
Candy			
Packs (mn)	74	81	-8.9%
Tons (000s)	3.5	4.4	-19.4%
Av. Factory Price (EGP)	2.14	1.91	11.5%
Biscuits			
Packs (mn)	9	-	-
Tons (000s)	0.2	-	-
Av. Factory Price (EGP)	1.92	-	-
Total Packs* (mn)	2,485	2,736	-9.2%
Total Tons* (000s)	96.4	94.6	1.9%
Av. Edita Price (EGP)	1.62	1.47	10.0%

**Includes contributions from Edita's imports segment*

Segment Contribution to Revenue



Cakes	EGP 1,772.3	Wafers	EGP 337.0
Bakery	EGP 1,361.2	Candy	EGP 155.1
Rusks	EGP 394.2	Imports	EGP 5.5



Cakes	EGP 1,710.5	Candy	EGP 157.6
Bakery	EGP 1,507.0	Biscuits	EGP 17.8
Rusks	EGP 287.8	Imports	EGP 4.2
Wafers	EGP 336.2		

Costs of Goods Sold

Edita's total cost of goods sold (COGS) was up 1.2% y-o-y in 2020 to EGP 2,633.7 million driven by higher manufacturing overheads (MOH) as the company adjusted industrial shift hours to account for government-imposed curfews and ensure continuity of operations in the first half of the year. On the other hand, cost of direct materials for the year saw a 2.2% y-o-y decline on the back of Edita's ability to capitalise on lower commodity prices to lock in favourable raw material quotes. Accordingly, Edita's gross profit recorded EGP 1,387.4 million in 2020, with a gross profit margin of 34.5% versus 35.3% last year.

EBITDA

Total SG&A recorded EGP 909.6 million in 2020, up 9.6% versus the previous year. The increase came on the back of higher selling and distribution (S&D) expenses on account of investments made to expand the company's distribution platform as well as temporary adjustments to maintain an efficient sales and distribution cycle amid government-imposed restrictions earlier in the year. As such, EBITDA for the year recorded EGP 653.7 million with an EBITDA margin of 16.3% compared to 17.5% in 2019.

Net Profit

Net profit stood at EGP 302.2 million in 2020 versus EGP 362.3 million in the previous year, with a net profit margin of 7.5% for 2020.

Exports

On the export front, in 2020 Edita recorded gross export sales of EGP 251.0 million, down 26.9% y-o-y on the back of increased restrictions on international trade following the outbreak of Covid-19. As such, gross export's contribution to total revenues during the year declined to 6.2% in 2020 from 8.5% in 2019.

Balance Sheet

Edita's total CAPEX for the year ended 31 December 2020 was EGP 515.0 million, including investment in a new biscuits line, two new wafer lines, enhancements on existing lines, the Morocco expansion, IT expenditures and investments to grow Edita's distribution fleet.

The company's total loans and borrowings as at year-end 2020 stood at EGP 1,019.3 million, up from EGP 911.7 million as at year-end 2019. The increase is largely attributable to the new EGP-denominated loans secured by the company as it looks to benefit from the low interest rate environment. Edita is also taking part in the Central Bank of Egypt's scheme to support businesses by facilitating access to low interest rate short-term loans. The company's total bank overdrafts recorded EGP 80.4 million as at 31 December 2020 versus EGP 120.1 million at 31 December 2019. Net debt recorded EGP 301.8 million as at 31 December 2020, up from EGP 209.9 million at year-end 2019.

Edita's total inventory reach EGP 315.3 million as at year-end 2020, up from EGP 295.4 million as at 31 December 2019.

Trade receivables recorded EGP 34.1 million as at 31 December 2020 compared to EGP 53.0 million as at year-end 2019, reflecting the company's cash policy for over 95% of its sales.

> "Edita's ability to deliver on its strategic objectives for the year sees the company enter 2021 ideally positioned to return to its long-term growth trajectory

Outlook

Edita's ability to deliver on its strategic objectives for the year sees the company enter 2021 ideally positioned to return to its long-term growth trajectory. In the coming period, the company will work to reap the benefits of the significant investments undertaken throughout 2020 to drive sustainable and diversified revenue growth in line with its long-term strategy. Edita aims to leverage its innovative abilities and strengthened distribution and sales function to continue stimulating demand and support the recovery in sales volumes.

On the new products front, the company will continue launching new, higher-value propositions across its various segments, as it works to shift consumers increasingly towards higher price-points. In parallel, Edita will work to build brand equity and capture a growing share in the newly penetrated biscuits market through the launch of new products and a wide-range of marketing campaigns. Egypt's biscuits segment currently offers important opportunities for future expansion as Edita looks to solidify its presence in this fast-growing segment.

On the regional front, Edita's first overseas production facility in Morocco is now complete with operations expected to kick off in 2021. The new production facility will not only allow Edita to strengthen its presence in the attractive Moroccan snack food market but sets the foundations for further growth across the region.

Corporate Governance

> "Edita's Board of Directors provided strategic insights and constant guidance which proved invaluable in helping the company navigate the challenges related to the Covid-19 pandemic

Corporate Governance

Edita's Board of Directors is comprised of some of the region's leading FMCG and financial professionals who bring broad expertise to the company. These experienced leaders have helped transform Edita from a small family business into a leading publicly listed company with a fast-growing regional presence.

Throughout 2020, Edita's Board of Directors provided strategic insights and constant guidance which proved invaluable in helping the company navigate the challenges related to the Covid-19 pandemic and deliver on the strategic targets set at the start of the year. The Board consists of two executive and six non-executive members, including four independent members.

Eng. Hani Berzi
Chairman and Managing Director, Representing Quantum Invest BV

Mr. Berzi has 34 years of experience in the food and beverage industry, having started his career in 1986 by joining Tasty Foods Egypt, his family's snack food business. Mr. Berzi subsequently held the position of Sales and Marketing Vice President at Tasty Foods Egypt, after a sale of a part of its shares to PepsiCo, from 1990 to 1992. In 1993, he established Digma Trading, a food products distributor. Mr. Berzi became a member of the Board of Edita Food Industries in 1996 and became the Managing Director and Chairman of the Board in 2006. Previously, he was a member of the Boards of a number of companies in the food and beverage industry, including Technopack in 1987, Rotopak in 1989 and Egypt Sack in 1997, and has also served as a Board Member of the Federation of Egyptian Industries. Mr. Berzi has also served as a member of the Board of the Chamber of Food Industries and the Egyptian Centre for Economic Studies and is the Chairman of the Egyptian-Greek Business Council (Egyptian side) and is the Chairman of the Food Export Council. He graduated from Ain Shams University (Cairo, Egypt) with a BSc in Computer and Control Engineering.

Mr. Samir Nabih Aziz Berzi
Vice Chairman, Representing Quantum Invest BV

Mr. Berzi has 38 years of experience in the food and beverage industry, having started his career by joining Tasty Foods Egypt. In 1983, Mr. Berzi founded Berzi Confectionery, which was later acquired by Tasty Foods Egypt. He subsequently held the position of Industrial Operation Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo. Mr. Berzi has also established a number of companies including Digma Trading, a fast-moving consumer goods distribution company, and Edita Food Industries. Mr. Berzi became a member of the Board of Edita Food Industries in 1996. He is also the Chairman of Digma Trading and Edita Confectionery Industries, a member of the American Chamber of Commerce, a member of the Board and Shareholder of Le Pacha 1901, a Board member and Shareholder of Mirage Hotels S.A.E, which owns the JW Marriott at Mirage City, a Board Member and Shareholder of Sakkara Tourism Investment S.A.E, which owns the Mirage City compound in New Cairo. He graduated from Cairo University (Cairo, Egypt) in 1982 with a BA in Commerce.

Ms. Fatma Lotfy
Board Member, Representing Quantum Invest BV

Ms. Lotfy has been a member of Edita's Board of Directors since 2015, with over 34 years of commercial and investment banking experience under her belt. Since she began her career in the late 1980s, Ms. Lotfy has held senior and key executive positions in a number of renowned international and local banks and sits on the boards of several large scale financial institutions. Since 2015, she has been a board member of Credit Libanias Beirut and is currently the Chairperson of EFG Hermes Finance. Prior to that, Ms. Lotfy was the Deputy Chairperson and Managing Director at Bank Audi Egypt, the First Deputy Chairperson and Managing Director at Alexbank Intesa San Paolo and Managing Director and Board and Executive Committee Member at Al Watani Bank of Egypt (currently NBK Egypt), in addition to several other senior positions at various institutions including the Commercial International Bank (CIB). Ms. Lotfy is also highly engaged in her role as an active corporate citizen through her activities as a member of the Egyptian European Council, the Young Presidents Organization (YPO), the Egyptian British Chamber of Commerce, the Egyptian American Chamber of Commerce, in addition to being an active member of the Economic Committee of the Women's National Congress.

Mr. Tamir Saeed
Board Member, Representing Kingsway

Mr. Tamir Saeed has 16 years of experience in the finance industry, having started his career at Goldman Sachs where he spent eight years in a variety of roles in the firm's Investment Banking, Equity Derivatives Trading and Principal Strategies groups. Currently, Mr. Saeed is a Managing Partner at Kingsway Capital Advisors LLP, a leading U.K. based investment manager, managing institutional capital with a long-term investment horizon and a focus on high-quality consumer franchises in frontier and emerging markets. Aside from Edita, Mr. Saeed is a board member of a number of reputable companies in Egypt and the broader region, including Al-Eqbal Investment Company (EICO) in Jordan. He graduated from the University of Cambridge (United Kingdom) with an MA in Economics, and is a CFA Charterholder.

Mr. Mounir Fakhry Abdel Nour
Independent Board Member

Mounir Fakhry Abdel Nour is a veteran banker, industrialist and public servant. Mr. Abdel Nour first entered government service in 2011 as Minister of Tourism, a post he held until 2012. He rejoined cabinet as Minister of Trade and Industry in July 2013 and went on to serve as Minister of Trade, Industry and Investment and as Minister of Trade, Industry and SMEs until he left office in September 2015. Prior to entering government, Mr. Abdel Nour was a banker with Banque de l'Union Européenne and American Express. He founded Vitrac, a leading Egyptian maker of jams, juices and syrups, in the 1980s and grew the company into a category-defining player with a dominant market share in Egypt and strong export network. Mr. Abdel Nour led Vitrac's sale in 2002 to Hero Group, a leading Switzerland-based international consumer foods company. Mr. Abdel Nour was chairman of Hero Middle East from 2004 until 2011. He is currently a board member of GB Auto, Domty and Beltone Financial. His past directorships include service to the Egyptian Exchange (1999-2002), the Federation of Egyptian Industries (2004-2007), the Egyptian Competition Authority (2005-2007), among others. Mr. Abdel Nour holds a BSc in statistics from Cairo University's School of Economics and Political Science and an MA in economics from the American University in Cairo. He is an Egyptian national.

Mr. Hussein Choukri
Independent Board Member

Mr. Choukri is among the pioneers of Egypt's investment banking sector. He joined the investment banking department of Morgan Stanley in New York as an Associate in 1980 and acted as Managing Director from 1987 until 1993. In 1993, he became its Advisory Director to serve in this capacity until 2007. In 1996, he established HC Securities & Investment, which currently is one of the leading investment banks in the Middle East and North Africa. Mr. Choukri is a board member of a number of associations and reputable companies, including Holding Company for Tourism, Hotels and Cinema and The Egyptian British Business Council (EBBC). Mr. Choukri joined Edita as a Board Member in January 2015. Mr. Choukri is the head of Edita's Remuneration Committee and is also a member of the Audit Committee. He graduated from Ain Shams University and the American University in Cairo with a degree in Commerce and Management, respectively.

Ms. Sahar El Sallab
Independent Board Member

Ms. El Sallab worked and trained at Citibank Cairo and Athens before spending 25 years working at Commercial International Bank, where she assumed the roles of Vice Chairman and Managing Director. She was also the Chairperson of Commercial International Capital Holding Company (CI Capital) and is currently chairperson of Hiteknofal Company and a board member at the National Bank of Egypt. After significant private sector experience, she became the Deputy Minister of Trade and Industry for Development and Investment in Internal Trade in Egypt. Ms. El Sallab has been nominated as one of the 100 Most Powerful Arab Women 2011 by South African Magazine, CEO, and one of 10 Most Powerful Egyptian Women 2011 by the Egypt Business Directory. Ms. El Sallab is also the head of Edita's Audit Committee. She graduated from the American University in Beirut and from the Harvard Kennedy School for Management.

Mr. Hanny Y. Elmessiry
Independent Board Member

Hanny Elmessiry has over 19 years of experience in the food and beverages industry. From 2012-2015 he served as Chief Executive Officer for IFFCO Egypt, North Africa's largest edible oil and fats refining and processing company. Before that, he acted as Vice President and Managing Director of Golden State Foods Middle East, whose clients include McDonalds, YUM Brands, and Americana. Currently, Elmessiry is a partner at Global Equity Ventures, a fund investing in projects in the MENA region with a focus on entrepreneurship, franchising, information technology, logistics, and sports tourism. He also serves on the board of several for-profit companies in addition to teaching strategic management at The American University in Cairo. Previously, Elmessiry also acted as Chairman and Chief Executive Officer of Orascom Housing Communities. He also served as Governor of Alexandria, Egypt's second largest city. In the 1980s and 1990s, Elmessiry lived in California, USA, where he pursued educational opportunities and gained extensive international work experience with a number of companies, including Bank of America and Al Baraka Bancorp California. Upon returning to the Middle East, he worked for several companies, where he was responsible for projects in the areas of private infrastructure, oil & gas, petrochemicals, and international trade.

Compliance

Edita has incorporated a detailed corporate compliance program into its corporate governance framework with the aim of shielding the company from severe sanctions imposed by the law resulting from violations, as well as educating employees on relevant laws to our operations including securities, antitrust, and environmental regulations, among others.

Edita's compliance program has a broad mandate which enables it to achieve its aim. Among these responsibilities are:

- Stay up to date with new laws and regulations that impact the company's operations and ensure that they are incorporated into the corporate policy manual.
- Review developed policy drafts and identifying other corporate policies to ensure that they are in line with relevant laws and regulations and support the vision and direction of the collection center in conjunction with the departmental vision set forth by the Executive Management.
- Provide necessary policy awareness sessions (through available channels) aimed at educating employees about the applicable laws and corporate policies that affect their operations and sharing awareness statistics with Top Management.
- Carry out risk assessment for business operations to identify areas at risk and ensure management is made aware to take proper actions and mitigates.
- Carry out compliance checks (for new / updated policies) to ensure compliance with the corporate policies and identify actual and potential problems.
- Allow anonymous reporting by employees on gaps / breaches conducted by others without fear of retribution and permitting employees to ask questions.
- Review contracts and agreements with other parties and ensure that their terms and conditions do not violate Edita's corporate policies.
- Direct the Supplier Selection Committee meetings and make sure that minutes of meetings are developed and communicated to all concerned parties.
- Empower department heads to ensure that the necessarily controls are properly implemented by providing them with a self-assessment check list after the implementation of new policies and controls.

Audit Committee

In accordance with EGX listing rules, the Board of Directors has established an Audit Committee, consisting of three experienced Non-Executive Directors, two of whom are independent. The Audit Committee's primary responsibilities include assisting the Board in fulfilling its oversight responsibilities in connection with:

- The inspection and review of internal audit procedures and the company's system of internal control to ensure compliance with laws and regulations;
- The inspection and review of accounting standards and any changes resulting from the application of new accounting standards;
- The inspection and review of internal audit procedures, plans and results;
- The inspection and review of the periodic administrative information presented to the different levels of management and the methods of such preparation and timing of submission;
- Ensuring the implementation of appropriate supervisory procedures in order to protect our assets;
- Ensuring adherence to auditor and EFSA recommendations;
- The inspection of the procedures carried out in preparing and reviewing:
  1. the financial statements,
  2. offerings relating to securities, and
  3. estimated budgets, cash flow and income statements;
- Advising on the appointment of auditors to perform services other than the preparation of financial statements;
- The inspection and review of the auditor's report regarding the financial statements and discussing the comments;
- Ensuring the preparation by an independent financial advisor of a report concerning any related party transactions before being ratified; and
- Ensuring the application of the necessary supervisory methods to maintain our assets, conduct periodic evaluation of administrative procedures and prepare reports to the Board.

Internal Audit Department

Edita's Internal Audit department spearheads a number of policies and procedures aimed at strengthening the company's compliance efforts and organizational operations by guarding against corruption, promoting ethical conduct, and adding value to the company. Using a systematic, disciplined approach to improve the efficiency of Edita's processes, the Internal Audit department also supervises the company's risk management, control process, and governance efforts to facilitate the achievement of the company's goals. The department is also responsible for evaluating the efficiency of Edita's internal controls system, assessing company policies' alignment with legal regulations and sound business practices as well as reviewing operations to ensure their consistency with business objectives.

The department issues exhaustive reports to the Audit Committee as well as Edita's senior management to provide advice and recommendations across all company departments and sectors. It is also tasked with investigating any reported instances of fraud, embezzlement, theft, waste, or any wrongdoings. Edita aims to comply with all laws and regulations to which it is subjected as an Egyptian business, and the Internal Audit Department perpetually reviews all operations, and advises on company integrates ethical standards into its policies and actively raises awareness of its expectations for ethical conduct among all employees. Edita is proud of its transparent and merit-based hiring process, and in recent years the company has made efforts to strengthen its information security procedures and succession planning.

Information Security

The Information Security department supports Edita's strategic direction with the purpose of ensuring the application of security controls and countermeasures for protecting confidential information and monitoring and responding to security breaches and taking corresponding corrective and preventative measures.

The mandate of Edita's Information Security team includes:

- Measuring the effectiveness and efficiency of current controls and recommending additional controls for tightening security to protect information assets against inappropriate disclosure.
- Conducting periodic reviews of the company's information security policy in order to ensure it remains up to date with any changes in information records or security controls.
- Mitigating risks associated with the theft, loss, misuse, damage, or abuse of information.
- Monitoring the Data Loss Prevention (DLP) system in order to protect data in use, in-transit, or at rest, as well as to detect any breaches, and act immediately to prevent any unauthorized traffic.

Sustainability

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Edita remains on a solid trajectory to foster sustainability across its footprint, and continues to do so in alignment with local and international benchmarks

Sustainability

In extension of its commitment to sustainable practices that positively impact internal operations, surrounding communities, and the environment at large, Edita continued to implement programs that create long-term value and further its circular economy practices

Despite challenges posed by Covid-19, Edita was able to maintain its sustainable development practices within and outside its business in 2020. The company further built up key programs and initiatives it had launched in previous years to support its employees and members of its community, decrease its emissions and general environmental impact, and maintain policies and procedures that protect its business and bolster its information safety and security. As such, Edita remains on a solid trajectory to foster sustainability across its footprint, and continues to do so in alignment with local and international benchmarks that seek to create large-scale, long-term shared value for all.

Alignment with Local and Global Standards

As an active member of the United Nations Global Compact (UNGC), Edita joins over ten thousand companies in championing the compact's 10 principles through active efforts in upholding local and internationally proclaimed human rights laws; preserving lawful and complete employee rights; implementing conscious changes that lower environmental impact; and protecting the company through extensive anti-corruption policies and mechanisms. Edita also contributes to the realization of goals 3, 4, 5, 8, 10, 11, and 17 of the UN's sustainable development goals (SDGs), which range from providing education opportunities to reducing gender inequalities, increasing partnerships for the goals, and more; and works in alignment with Egypt's Vision 2030 for proactive action toward achieving nationwide sustainable development.

Employee Wellbeing

Next to establishing a standard operating procedures manual for added protection during the pandemic, Edita continued to expand on its HSE policies, which work to create a secure work environment for all employees, and improve the company's emergency responses through its eREMS system. The company regularly provides employees with proper personal protective equipment; updates its safety systems; and delivers general and HSE-specific safety trainings and awareness sessions through its HSE and internal communications departments. Some of the specialized trainings now regularly conducted include the 7Cs training program which covers critical safety risks, and "Toolbox Talks" which keep employees refreshed on occupational and environmental safety standards. Furthermore, and in support of its employees' professional wellbeing and long-term development, Edita provides diversified trainings through its Edita Sales Academy, Edita Manufacturing Academy, and Edita Quality Academy. It is also home to a Company Training Plan that offers versatile learning opportunities through skill bite trainings, functional trainings, and "Learn with Leaders" sessions.

Diversity and Inclusion

Edita's work environment is built on the pillars of diversity, inclusion, acceptance, and flexibility. The company is diligent in reducing discrimination against any existing or potential employee based on distinctive characteristics that include but are not limited to age, gender, race, and religion. It has trusted reporting mechanisms in place to encourage employees to report any violations, which are immediately dealt with using a strict penalty system. To cement this knowledge from the very start, briefings on the company's anti-discrimination policy are now mandated during all onboarding processes, with related documents available and constantly updated on the company's SharePoint access. Additionally, and equally as important, Edita does not tolerate any forms of harassment and has a strict anti-sexual harassment policy in place, with immediate investigations launched if any grievances of this nature are reported.

Diverse hiring also plays a central role in the company's recruitment strategy, with equal opportunities afforded at every possible opportunity to female candidates and to individuals with disabilities. Special development programs for females in leadership roles have been created in recent years to cultivate an encouraging atmosphere and provide women with room for growth into management opportunities.

Environmental Sustainability

Eco-friendly approaches are now part and parcel of Edita's core strategies and frameworks. Most recently, the company formed a specialized four-year Environmental and Social Action Plan (ESAP) that aims to improve all ESG-related practices, from upping employee protection to mapping out resource conservation and emission reduction plans, all while maintaining unaffected operations. Despite a periodic increase in electricity consumption caused by revamps of E06's ventilation and refrigeration systems, utilization rates have continued to drop around other facilities, and an energy audit was conducted with a third-party consultancy to determine high usage sites. As a result, conservation plans are now being implemented with progress regularly benchmarked against the energy audit's findings.

Further to its resource conservation efforts, Edita also ensures that all its raw materials are ethically sourced and efficiently used, and uses 100% recyclable packaging materials, as well as paper-based secondary and tertiary packaging. It also segregates its waste by type and safely disposes of hazardous materials through a governmentally-authorized contractor.

Corporate Social Responsibility (CSR)

Supporting community members, creating impactful programs, and making contributions where needed is how Edita shows social responsibility. The company's relevant efforts are now consolidated under the umbrella of its newly established Edita Foundation for Social Development, and are currently centered around educational development, healthcare support, and community relief. Among its most prominent and continuing programs is Building Pioneers, established in partnership with Educate Me to develop schools and empower underprivileged students, educators, and parents of Beni Suef. The program trains students on modern-day skills and mothers on basic everyday needs to create a strong and self-sustaining family unit. Moreover, a subprogram known as the School Transformation Journey was launched to guide teachers, counsellors, administrators, and Ministry of Education leaders on ways to support students

during their self-learning journeys, and encourage their cognitive and psychological development. The program aims to transform schools into independent learning entities by 2022, thus contributing to the advancement of education in Egypt. In 2020, Edita kicked off phase two of the program with training taking place both virtually and in-person in order to comply with Covid-19-related restrictions. The sessions were attended by more than 40 teachers for a total of 65 training days and 16 coaching days.

Moreover, and in light of the pandemic, the Foundation made significant contributions in 2020 to multiple Covid-19 relief campaigns. These included EGP 2 million to "Breathe" by Misr El Kheir for the purchase of ventilators, and EGP 2 million worth of products to Tahya Misr Fund for a humanitarian aid convoy to families in 300 villages across 16 governorates.

In parallel, during 2020 the Edita also took part in several campaigns and initiatives to raise awareness and funds for various diseases. Edita collaborated with Magdi Yacoub and Cairo Runners in the "Virtual Heart Run" that took place from the 22nd to the 29th of September to help raise awareness on heart health. As part of the initiative, participants signed up for their distance of choice on the Cairo Runners website and subsequently had five days to complete the run they registered for (10km, 21km, or 42km). Each participant tracked their own performance on the Strava app and once completed participants received medals for their contribution in the run. Edita Foundation directly contributed EGP 200 thousand, while Edita employees who were interested and willing to take part of this initiative paid the fees according to their chosen circuit (10 KM - 200 EGP, 21 KM - 250 EGP, 42 KM - 300 EGP). All funds collected were donated to save lives of young children at Magdi Yacoub Hospital. Edita also worked closely with the National Cancer Institute to distribute more than 1,200 boxes containing Edita's products to children. Finally, Edita also took part in a blood donation campaign in cooperation with the National Blood Transaction Services. The campaign which aimed to raise awareness on the life-saving importance of donating blood, targeted all employees across Edita plants and headquarter office during the month of October, collecting a total of 218 blood bags.

Anti-Corruption Efforts

Edita adopts a zero-tolerance policy against all forms of bribery, kickback, and corruption, and any employees engaging in similar practices are strictly penalized, if not terminated. All exchanges with stakeholders are guided by the company's professional code of conduct, with any behaviours that aim to alter or drive business decisions swiftly acted against. To encourage employees to speak up in case any such violations are witnessed, Edita relies on its IVoiceUp system which provides its people with a mechanism for anonymous whistleblowing.

> Supporting community members, creating impactful programs, and making contributions where needed is how Edita shows social responsibility

Investor Relations

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Our investor relations department’s key objective is to maintain a proactive outreach program with investors, prioritizing transparency and access to information

Investor Relations

Edita Food Industries S.A.E. has been listed on the Egyptian Exchange (EGX) since 2015 and offers its shares on international markets with a Global Depository Receipt (GDR) program on the London Stock Exchange (LSE). As at 31 December 2020 the company's 725 million shares had a market capitalization of c.EGP 6.5 billion.[1] Stock coverage includes nine local and six international institutions as of year-end 2020.

Investor Relations

Our investor relations department's key objective is to maintain a proactive outreach program with investors, prioritizing transparency and access to information. The department adopts best-in-class disclosure practices to serve the best interest of Edita's investors and effectively communicates the stock's fundamentals through various channels, including Edita's corporate and investor relations websites, periodic publications, investor conferences and direct communication. Edita recognizes the dynamic landscape of capital markets and understands investors' evolving needs and expectations. To that end, the IR department is keen on incorporating good governance practices in its strategy for matters such as environmental, social and governance (ESG) issues as well as more specific factors such as the implementation of MIFID II.

Investor Relations Activities in 2020

Maintaining effective and engaging communication with investors was particularly important throughout 2020 in light of the rising uncertainty following the outbreak of the Covid-19 pandemic. Over the last twelve months, the department's regular communication and stakeholder engagement programme was complemented by the company's participation in several global virtual investor conferences. Despite the conference taking place virtually they proved to be very successful, providing exposure to more than 300 institutional investors ranging from corporates to leading fund and portfolio managers with an aggregate AUM of USD 12 trillion.

Listing Regulations

Joint stock companies in Egypt adhere to the philosophy of separating ownership and control: though shareholders own the Issuer nominally, management of the Issuer is vested by law in the hands of its Board of Directors. Edita is subject to Egyptian disclosure requirements and is required to submit annual and quarterly financial statements prepared in accordance with EAS and IFRS; provide notices of any material developments to the EFSA, EGX and LSE; provide the regulator with minutes of the Issuer's Ordinary and Extraordinary General Meetings; and publish our annual and quarterly financial statements in two widely circulated local daily newspapers.

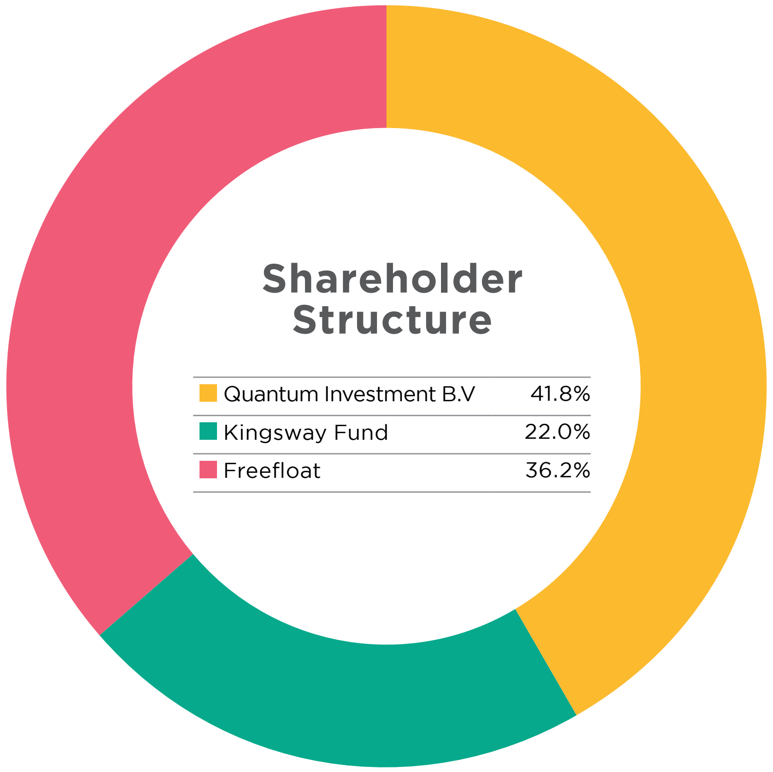
Codes:
EGX: EFID.CA
Reuters: EFID.CA
Bloomberg: EFID.L

Share Listing: Cairo, Egypt / London, United Kingdom
Currency: EGP / USD
No. of Outstanding Shares: 725,362,900

Treasury Share Program

The Covid-19 pandemic has seen financial markets around the globe record significant losses, including on the Egyptian Exchange. As such, on the 5th of April 2020, Edita's Board of Directors approved a share buyback program for 2% of Edita's total outstanding shares (14.5 million shares), in line with the management's view that Edita's share price was significantly undervalued.

The program ended on the 5th of June 2020, at which point the company had purchased a total of 2,304,461 shares, or around 0.32% of total outstanding shares. The share buyback program helped showcase to investors management's confidence in the stock's fundamentals while also providing some trading support, and is set to deliver strong returns given the upside once the current crisis resolves.



36.2%
Free Float

6.5 EGP bn
Market Capitalization

1:5
GDR Convertibility

[1]*Based on share price of EGP 8.9 on 31 December 2020.*

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (IFRS)

Independent auditor's report to the shareholders of Edita Food Industries Company (S.A.E)

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Edita Food Industries Company (S.A.E) ("the Company") and its subsidiaries (together "the Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the prevailing Egyptian laws and regulations.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the other ethical requirements that are relevant to our audit of the consolidated financial statements in Egypt. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key audit matters	• Valuation of trademark intangible assets which have indefinite useful lives

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of trademark intangible assets which have indefinite useful lives	
The Group's balance sheet includes intangible assets amounting to EGP 162.9 million as at 31 December 2020. relating to the purchase of trademarks and knowhow on certain of its branded products (see Note 7 to the consolidated financial statements). Under the Group's accounting policy, trademarks and knowhow are treated as having indefinite useful lives because the related licenses are perpetual, irrevocable and exclusive. They include the trademark in the territory in connection with specific cake product brands. Under accounting standards when intangible assets are assumed to have indefinite useful lives, and no amortisation is charged, management are required to perform an annual test to assess whether the carrying value of these trademarks has been impaired. Management have not identified any decline in the value in the trademarks concerned and have assessed that no impairment is required. The impairment test is based on management's view of the future cash flows to be generated from the trademarked brands concerned. We focused on the carrying values of these intangible assets because of the amount of inherent uncertainty involved in estimating future product cash flows and also because of the potentially significant impact on the Group's reported income, its earnings per share and its asset carrying values of relatively small changes in the underlying assumptions.	We obtained management's valuation analysis which is derived from the Board approved business plan. The most significant judgments within that analysis relate to the discount rate applied together with the assumptions supporting the underlying forecast cash flows, in particular the terminal growth rate and the forecast combined operating ratios in the projection period and investment return assumptions. We evaluated management's discounted cash flow forecasts and the process by which they were developed. We compared these forecasts to Board-approved business plans for consistency and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of management forecasting. We confirmed that the key assumptions had been subject to oversight from the directors. With the assistance of our internal valuations specialists we tested the assumptions and methodologies used, in particular those relating to the discount rate and growth rates. To do this: • We evaluated these assumptions with reference to those applied to valuations of similar companies. • We compared the key assumptions to externally derived data where possible, including market expectations of investment return, projected economic growth and interest rates. • We applied sensitivities in evaluating management's assessment of the planned growth rate in cash flows and combined operating ratios. • We tested the calculations within the valuation model for mathematical accuracy and considered the sensitivity of the calculations by varying the assumptions and applying other values within a reasonably possible range of outcomes. • We assessed the adequacy of the Group's disclosure regarding the key assumptions, sensitivities and headroom as included in the accounting policies and in note 7 to the consolidated financial statements

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' annual report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Independent auditor's report to the shareholders of Edita Food Industries Company (S.A.E) (continued)
- Auditor's responsibilities for the audit of the consolidated financial statements (continued)
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers – Egypt

24 February 2021
Cairo

Consolidated balance sheet

At 31 December 2020

(All amounts in Egyptian Pounds)	Note	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	5	2,331,299,024	1,993,845,097
Right of use assets	6	75,179,823	61,432,524
Intangible assets	7	166,552,579	168,276,650
Total non-current assets		**2,573,031,426**	**2,223,554,271**
Current assets			
Inventories	8	315,275,148	295,420,425
Trade and other receivables	10	162,342,342	204,193,093
Financial assets at amortized cost	11	499,232,147	548,192,500
Cash and bank balances	12	218,340,350	153,615,452
Total current assets		**1,195,189,987**	**1,201,421,470**
Total assets		**3,768,221,413**	**3,424,975,741**
Liabilities and Equity			
Non-current liabilities			
Borrowings	13	743,202,000	605,756,771
Deferred government grants	13	9,271,911	-
Deferred tax liabilities	14	172,258,866	167,800,747
Employee benefit obligations	15	20,164,016	11,600,000
Lease liabilities	16	77,321,204	56,293,305
Total non-current liabilities		**1,022,217,997**	**841,450,823**
Current liabilities			
Trade and other payables	17	622,043,836	544,325,008
Current income tax liabilities	18	29,897,178	63,186,112
Borrowings	13	195,769,320	185,887,584
Bank overdraft	19	80,364,773	120,096,127
Lease liabilities	16	6,498,317	7,576,894
Provisions	20	34,413,053	21,221,845
Total current liabilities		**968,986,477**	**942,293,570**
Total liabilities		**1,991,204,474**	**1,783,744,393**
Equity			
Share capital	21	145,072,580	145,072,580
Legal reserve	22	78,629,880	78,233,972
Cumulative translation reserve		2,268,451	(202,760)
Transactions with non-controlling interest	23	(32,132,098)	(32,132,098)
Treasury shares	21	(22,556,296)	-
Retained earnings		1,569,981,034	1,414,038,957
		1,741,263,551	**1,605,010,651**
Non-controlling interests	23	35,753,388	36,220,697
Net equity		**1,777,016,939**	**1,641,231,348**
Total liabilities and equity		**3,768,221,413**	**3,424,975,741**

- The above consolidated statement of balance sheet should be read in conjunction with the accompanying notes.
- Auditor's report attached

Mr. Sameh Naguib
Vice President - Finance

Eng Hani Berzi
Chairman

24 February 2021
Giza

Consolidated statement of profit or loss

For the year ended 31 December 2020

		Year ended 31 December	
(All amounts in Egyptian Pounds)	Note	2020	2019
Revenue		4,021,088,297	4,025,272,151
Cost of sales	30	(2,633,727,265)	(2,602,963,051)
Gross profit		**1,387,361,032**	**1,422,309,100**
Distribution cost	30	(669,149,932)	(593,990,396)
Administrative expenses	30	**(328,011,937)**	**(291,683,948)**
Other income	24	81,718,932	24,501,554
Other losses - net	25	(42,403,983)	(54,989,383)
Operating profit		**429,514,112**	**506,146,927**
Finance income		76,437,141	93,768,528
Finance cost		(96,773,284)	(106,998,119)
Finance cost - Net	**26**	**(20,336,143)**	**(13,229,591)**
Profit before income tax		**409,177,969**	**492,917,336**
Income tax expense	27	(106,961,043)	(130,629,735)
Net profit for the year		**302,216,926**	**362,287,601**
Profit is attributable to			
Owners of the parent		305,056,330	363,220,873
Non-controlling interest		(2,839,404)	(933,272)
Net profit for the year		**302,216,926**	**362,287,601**
Earnings per share (expressed in EGP per share):			
Basic earnings per share	29	0.42	0.50
Diluted earnings per share	**29**	**0.42**	**0.50**

- The above consolidated statement of balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)	Year ended 31 December 2020	2019
Profit for the year	302,216,926	362,287,601
Other comprehensive income		
Items that may be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	(4,704,314)	-
Income tax relating to this items	1,058,471	-
Exchange differences on translation of foreign operations	4,843,385	(1,215,386)
Other comprehensive income / (loss) for the year - net of tax	**1,197,542**	**(1,215,386)**
Total comprehensive income for the year	**303,414,468**	**361,072,215**
Total comprehensive income is attributable to		
Owners of the parent	303,881,698	363,002,010
Non-controlling interest	(467,230)	(1,929,795)
Total comprehensive income for the year	**303,414,468**	**361,072,215**

- The above consolidated statement of balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2020

							Total Owners' Equity		
	Share capital	Legal reserve	Cumulative translation reserve	Transactions with non-controlling interest	Treasury shares	Retained earnings	Total owners of the parent	Non-controlling interest	Total owners' equity
Balance at 1 January 2019	**145,072,580**	**73,265,674**	**16,103**	-	-	**1,206,786,382**	**1,425,140,739**	**23,795,932**	1,448,936,671
Profit for the year	-	-	-	-	-	363,220,873	363,220,873	(933,272)	362,287,601
Other comprehensive loss for the year	-	-	(218,863)	-	-	-	(218,863)	(996,523)	(1,215,386)
Total comprehensive income for the year	-	-	(218,863)	-	-	363,220,873	363,002,010	(1,929,795)	361,072,215
Transactions with owners in their capacity as owners:									
Transactions with non-controlling interest	-	-	-	(32,132,098)	-	-	(32,132,098)	(23,165,685)	(55,297,783)
Non-controlling interest share in establishment of subsidiary	-	-	-	-	-	-	-	37,693,675	37,693,675
Dividends distribution for 2018	-	-	-	-	-	(151,000,000)	(151,000,000)	(173,430)	(151,173,430)
Transfer to legal reserve	-	4,968,298	-	-	-	(4,968,298)	-		-
Balance at 31 December 2019	**145,072,580**	**78,233,972**	**(202,760)**	**(32,132,098)**	-	**1,414,038,957**	**1,605,010,651**	**36,220,697**	**1,641,231,348**
Balance at 1 January 2020	**145,072,580**	**78,233,972**	**(202,760)**	**(32,132,098)**	-	**1,414,038,957**	**1,605,010,651**	**36,220,697**	**1,641,231,348**
Profit for the year	-	-	-	-	-	305,056,330	305,056,330	(2,839,404)	302,216,926
Other comprehensive income for the year	-	-	2,471,211	-	-	(3,645,843)	(1,174,632)	2,372,174	1,197,542
Total comprehensive income for the year	-	-	2,471,211	-	-	301,410,487	303,881,698	(467,230)	303,414,468
Transactions with owners in their capacity as owners:									
Acquisition of treasury shares	-	-	-	-	(22,556,296)		(22,556,296)	-	(22,556,296)
Dividends distribution for 2019	-	-	-	-	-	(145,072,581)	(145,072,581)		(145,072,581)
Transfer to legal reserve	-	395,908	-	-	-	(395,829)	79	(79)	-
Balance at 31 December 2020	**145,072,580**	**78,629,880**	**2,268,451**	**(32,132,098)**	**(22,556,296)**	**1,569,981,034**	**1,741,263,551**	**35,753,388**	**1,777,016,939**

- The above consolidated statement of balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2020

(All amounts in Egyptian Pounds)	Notes	Year ended 31 December 2020	2019
Cash generated from operations	31	614,398,041	678,889,786
Interest paid		(80,702,598)	(100,019,397)
Income tax paid		(133,255,465)	(62,454,457)
Net cash inflow from operating activities		**400,439,978**	**516,415,932**
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(399,776,106)	(277,166,085)
Payment for purchase of intangible assets		(906,630)	(729,058)
Proceeds from sale of property, plant and equipment		4,166,023	8,831,820
Cash acquired on establishment of subsidiary		-	10,850,159
Interest received		82,570,823	47,969,019
Payment for purchase of treasury bonds		(50,000,000)	-
Payment for purchase of treasury bills		(318,122,996)	(1,502,816,565)
Proceeds from sale of treasury bills		506,933,097	1,183,615,500
Net cash outflow from investing activities		**(175,135,789)**	**(529,445,210)**
Cash flows from financing activities			
Dividends paid to shareholders		(145,072,581)	(151,173,430)
Payments to acquire non-controlling interest		-	(55,297,783)
Proceeds from non-controlling interest on the establishment of subsidiary		-	37,693,675
Lease Payments		(16,281,639)	(6,241,903)
Acquisition of treasury shares		(22,556,296)	
Repayments of borrowings		(198,289,974)	(275,973,661)
Proceeds from borrowings		361,849,105	379,732,129
Net cash out flow from financing activities		**(20,351,385)**	**(71,260,973)**
Net increase / (decrease) in cash and cash equivalents		**204,952,804**	**(84,290,251)**
Cash and cash equivalents at beginning of the year		93,538,206	179,589,499
Effects of exchange rate on cash and cash equivalents		(2,412,877)	(1,761,042)
Cash and cash equivalents at end of the year	12	**296,078,133**	**93,538,206**

- The above consolidated statement of balance sheet should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 31 December 2020

1. General information

Edita Food Industries S.A.E. was established in July 9, 1996, under the investment Law No. 230 of 1989 which had been replaced by law No. 8 of 1997 and the money market Law No. 95 of 1992 and is registered in the commercial register under number 692 Cairo.

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

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

The main shareholders are Quantum Investment BV which owns 41.815% of the Company's share capital and the Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange" which manages 11.959% of the Company share capital and Kingsway Fund Frontier Consumer Franchises which owns 8.210% of Company's share capital and other shareholders owning 38.016% of company's share capital.

These consolidated financial statements have been approved by Chairman and Managing Director on 24 February 2021.

consolidated financial statements of the Group comprise financial statements of Edita Food Industries Company (S.A.E.) and its subsidiaries (together referred to as the "Group").

Edita Food Industries:

Edita food industries is the holding company. The company provides manufacturing, producing and packing of all food products and producing and packing of readymade food, cakes, pastry, milk, chocolate and other food products with all necessary ingredients and sell the products to Digma for Trading.

The group's principal subsidiaries at 31 December 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Digma for Trading:

Digma for trading main activity is wholesale and retail trading in consumable goods. The Company also acts as a distributor for local and foreign factories and companies producing these goods and also imports and exports, in accordance with laws and regulations. The company buys from Edita confectionery industries and Edita food industries and distributes to others.

Edita Confectionery Industries:

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

Edita participation limited:

The principal activities of the company are the provision of services and the holding of investments, but the Company does not have any operations until now and all its transactions are immaterial.

Edita Food Industries Morocco:

The company's main purpose is to build and operate a factory for production, sales and distribution of cakes, pastry, wafer and other confectionary products. Edita Morocco incorporated in 2019, with 51% majority stake owned by Edita Food Industries (S.A.E.).

	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2020	2019	2020	2019
Digma for trading	Egypt	99.8%	99.8%	0.2%	0.2%
Edita Confectionery Industries	Egypt	99.98%	99.98%	0.02%	0.02%
Edita participation limited	Cyprus	100%	100%	-	-
Edita Food Industries Morocco	Morocco	51%	51%	49%	49%

Financial information about the subsidiaries of the group as at 31 December 2020 and 31 December 2019

	Total Assets 2020	Total Liabilities 2020	Total Equity 2020	Total Sales 2020	Net (loss)/ Profit 2020
Digma for trading	442,101,143	306,558,556	135,542,587	3,777,945,968	(54,932,765)
Edita Confectionery Industries	207,200,120	78,426,635	128,773,485	146,092,596	8,998,106
Edita participation limited	41,198,932	47,659,704	(6,460,772)	-	(1,987,695)
Edita Food Industries Morocco	213,824,492	141,723,741	72,100,751	-	(4,910,306)

	Total Assets 2019	Total Liabilities 2019	Total Equity 2019	Total Sales 2019	Net (loss)/ Profit 2019
Digma for trading	348,975,043	158,499,691	190,475,352	3,689,583,280	36,421,748
Edita Confectionery Industries	211,335,096	91,559,718	119,775,378	144,061,511	13,726,945
Edita participation limited	41,262,594	45,735,652	(4,473,075)	-	(2,271,158)
Edita Food Industries Morocco	101,359,569	26,492,375	74,867,193	-	(2,058,931)

The above-mentioned financial information is related to amounts as included in the separate financial statements which have been used in the consolidation.

2. Summary of significant accounting policies

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

A. Basis of preparation

I. Compliance with IFRS

The consolidated financial statements of Edita food industries and its subsidiaries "the group" have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

II. Historical cost convention

These financial statements have been prepared under the historical cost basis except for the defined benefit obligation which is recognized at the present value of future obligation using the projected credit unit method.

III. New standards, interpretations and amendments adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020

Amendments to IFRS 3 – definition of a business

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IAS 1 and IAS 8 on the definition of material

These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021)

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis.

Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making

Annual Improvements to IFRSs 2018–2020 Cycle

These improvements are effective on or after 1 January 2021.

- IFRS 9, 'Financial Instruments' - Clarify the fees a company includes in performing the "10 per cent test" in order to assess whether to derecognise a financial liability.
- IFRS 16, 'Leases' - Remove the potential for confusion regarding lease incentives by amending an Illustrative Example 13 accompanying IFRS 16.
- IAS 41, 'Agriculture' – Align the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

B. Basis of consolidation

1. Subsidiaries

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

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

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

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

2. Changes in ownership interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

C. Principles of consolidation and equity accounting

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

D. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The board of EDITA FOOD INDUSTRIES has appointed a chief operating decision-maker who assess the financial performance and position of the group and makes strategic decisions. Which has been identified as the chief executive officer.

E. Foreign currency translation

(1) Functional and presentation currency

These consolidation financial statements are presented in EGP "Egyptian Pounds" which is the group presentation currency.

(2) Transactions and balances

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

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

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

(3) Group companies

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

a. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b. income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and.
c. All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

F. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods – wholesale

Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesalers, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of damage and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with retrospective volume discounts based on aggregate sales over a 3 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, based on actual volume, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

G. Interest income

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

H. Dividend income

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

I. Income tax

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

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

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

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

J. Leases

The group leases various properties, Rental contracts are typically made for fixed periods of 3 to 7 years lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

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

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

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

K. Business combinations

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

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

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

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

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

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

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

L. Impairment of assets

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

M. Cash and cash equivalents

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

N. Trade receivables

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

O. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and estimated costs necessary to make the sale, and the provision for obsolete inventory is created in accordance to the management's assessment.

P. Financial assets under IFRS 9

(1) Classification

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

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost. The Group's financial asset at amortised cost comprise of trade receivables, other debit balances and treasury bills.

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

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

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

(2) Measurement

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

Debt instruments – treasury bills

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

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

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

Q. Property, plant and equipment
All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	25 – 50 years
Machinery & equipment	20 years
Vehicles	5 – 8 years
Tools & equipment	3 – 5 years
Furniture & office equipment	4 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

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. When the assets are ready for its intended use, it is transferred from project under construction to the appropriate category under property, plant and equipment and depreciated in accordance with group policy.

R. 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.

S. Intangible assets
Intangible assets (Trademarks & know how) have indefinite useful lives as there is no foreseeable limit on the period over which the brands are expected to exist and generate cash Flows and are carried at cost less impairment losses. 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 are perpetual, irrevocable and exclusive including the trademark in the territory related to cake products. The brand has an established presence in the territory since 1990s. In addition, the group has a strong historic financial track-record and forecasts continued growth also, the knowhow of perpetual license not exposed to typical obsolescence as it relates to a food product. The brand remain popular in the Middle East and the group does not foresee any decline in the foreseeable future.

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

The costs of 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.

T. Trade and other payables
These amounts represent liabilities for goods or services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

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

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

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

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

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

W. Provisions

Provisions are recognized when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

X. Treasury Shares

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

Y. Employee benefits

(1) Short-term obligations

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

(2) Post-employment obligation

Pension obligations

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

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

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

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

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

The defined benefit plan defines an amount of benefits to be provided in the form of 15 working days payment for each year they had worked for the 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.

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

(3) Profit-sharing and bonus plans

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

(4) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer and in accordance with labour law. Falling due more than 12 months after the end of the reporting period are discounted to present value.

Z. Contributed equity

Ordinary shares are classified as equity.

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

AA. Dividends

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

BB. Earnings per share

(1) Basic earnings per share

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

(2) Diluted earnings per share

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

CC. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3. Financial risk management

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

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

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

(A) Market risk

(i) Foreign exchange risk

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

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

Exposure

The group's exposure to foreign currency risk at the end of the reporting year, expressed in Egyptian pounds, was as follows:

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

	Assets	Liabilities	Net 2020	Net 2019
Euros	2,077,437	(141,532,451)	(139,455,014)	5,362,588
MAD	3,344,313	(104,863,758)	(101,519,445)	34,018,665
United States Dollars	146,469,576	(372,631,293)	(226,161,717)	(379,443,760)

Sensitivity analysis

As shown in the table above, the group is primarily exposed to changes in US/EGP and Euro/EGP exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from Euro and US-dollars denominated financial instruments and the impact on profit got the year components arises from contracts designated financial liabilities.

Euro/EGP

At 31 December 2020, if the Egyptian Pounds had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been EGP 13,945,501 (2019: EGP 536,258) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

MAD/EGP

At 31 December 2020, if the Egyptian Pounds had weakened / strengthened by 10% against the MAD with all other variables held constant, post-tax profit for the year would have been EGP 10,151,944 (2019: EGP 3,401,866) higher / lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

USD/EGP

At 31 December 2020, if the Egyptian Pounds had weakened / strengthened by 10% against the US Dollars with all other variables held constant, post tax profit for the year would have been EGP 22,616,171 (2019: EGP 37,944,376) higher / lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

The Group has no investments 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 Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term treasury bills which are renewed with the applicable interest rate at the time of renewal. Borrowings measured at amortized cost with variable rates do not expose the group to fair value interest rate risk.

At 31 December 2020, if interest rates on Egyptian pound -denominated net interest bearing liabilities had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been EGP 9,034,284 (2019: EGP 9,117,405) lower/higher interest expense on floating rate borrowings.

Borrowings at the balance sheet date with variable interest rate amounted to EGP 823,063,650 (2019: EGP 791,644,355).

Overdraft at the balance sheet on 31 December 2020 amounted to EGP 80,364,773 (2019: EGP 120,096,127)

(B) Credit risk

(i) Risk management

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

(ii) Security

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

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

(iii) Credit quality

For Treasury bills, the Group deals with government which are considered with a high credit rating (Egypt B+).
For corporate Bonds the Group deals with EFG Hermes which are considered with a high credit rating (A +)

No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties except for the impairment of accounts receivables presented in (Note 10).

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.

For retail customers there is no credit risk since all sales are in cash.

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

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

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

Trade receivables

Counter parties without external credit rating:

	2020	2019
Trade and notes receivables	26,790,768	44,964,192
Total	**26,790,768**	**44,964,192**

Outstanding trade receivables are current and not impaired

The table below summarizes the maturities of the Company's trade receivables at 31 December 2020 and 31 December 2019:

	2020	2019
Less than 30 days	17,515,460	15,090,531
From 31 to 60 days	7,384,288	24,877,280
From 61 to 90 days	1,675,765	4,887,431
More than 90 days	215,255	108,950
	26,790,768	**44,964,192**

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2020	2019
Impairment of trade receivables	20,556	20,556
	20,556	**20,556**

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

Cash at bank and short-term bank deposits:
All current accounts and deposits are held at Egyptian banks subject to the supervision of the Central Bank of Egypt.

(C) Liquidity risk

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

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

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

At 31 December 2020	Less than 6 month	Between 6 month &1 year	Between 1 & 2 years	More than 2 years
Borrowings	98,786,478	89,135,701	419,898,728	323,303,272
Future interest payments	19,079,409	29,859,086	48,164,589	64,359,895
Trade and other payables	502,640,540	-	-	-
Bank overdraft	80,364,773	-	-	-
Notes payable	66,785,982	-	-	-
Lease liability	8,600,624	8,563,031	17,717,315	115,408,626
Total	**776,257,806**	**127,557,818**	**485,780,632**	**503,071,793**
At 31 December 2019				
Borrowings	89,454,468	89,454,468	355,992,164	249,764,534
Future interest payments	34,870,958	30,438,190	74,038,278	25,535,291
Trade and other payables	364,356,861	-	-	-
Bank overdraft	120,096,127	-	-	-
Notes payable	128,454,135	-	-	-
Lease liability	4,708,276	4,708,276	56,100,454	52,756,420
Total	**741,940,825**	**124,600,934**	**486,130,896**	**328,056,245**

The amount of unused credit facility amounted to EGP 980,171,050 as of 31 December 2020 (2019: Nil) also the Company will have future interest payments related to Loans amounted to EGP 161,462,979 (2019: EGP 164,882,717).

(1) Capital management

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

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

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

	2020	2019
Total borrowings	938,971,320	791,644,355
Bank overdraft	80,364,773	120,096,127
Total borrowings and loans	**1,019,336,093**	**911,740,482**
Less: Cash and bank balances	(218,340,350)	(153,615,452)
Net debt	800,995,743	758,125,030
Total equity	1,777,016,939	1,641,231,348
Total capital	**2,578,012,682**	**2,399,356,378**
Gearing ratio	**31.0 %**	**31.6%**

Loan covenants

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

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

As of 31 December 2020, the Group was in compliance with the debt covenants.

(2) 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 group for similar financial instruments.

4. Critical accounting estimates and judgments

1. Critical accounting estimates and assumptions

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

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

Impairment of infinite life intangible assets (trademark and know how)
The group tests whether infinite life intangible assets have suffered any impairment on an annual basis.

The recoverable amount of a cash generating unit (CGU) is determined based on a value of in use calculations which require the use of assumptions (Note 7).

Employee benefit retirement obligation

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

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

Note (15) shows the main assumptions used to estimate the employees' benefit obligation.

2. Critical judgments in applying the group's accounting policies

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

Determining the lease term

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

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

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Vehicles	Tools & equipment	Furniture & office equipment	Projects under construction	Total
At 1 January 2019								
Cost	120,908,260	923,888,177	1,078,533,044	180,898,627	114,492,877	93,232,774	23,192,134	2,535,145,893
Accumulated depreciation	-	(130,284,458)	(291,222,934)	(94,793,529)	(67,204,822)	(67,402,696)	-	(650,908,439)
Net book amount	**120,908,260**	**793,603,719**	**787,310,110**	**86,105,098**	**47,288,055**	**25,830,078**	**23,192,134**	**1,884,237,454**
Year ended 31 December 2019								
Opening net book amount	120,908,260	793,603,719	787,310,110	86,105,098	47,288,055	25,830,078	23,192,134	1,884,237,454
Additions	-	-	1,500,526	101,691,246	13,494,593	7,037,855	153,441,865	277,166,085
Depreciation charge	-	(36,878,264)	(54,658,223)	(27,651,032)	(17,854,912)	(12,397,450)	-	(149,439,881)
Impairment loss	-	-	(16,593,500)	-	-	-	-	(16,593,500)
Accumulated depreciation of disposals	-	35,486	57,000	7,951,478	497,845	13,623	-	8,555,432
Disposals	-	(44,175)	(570,000)	(8,954,850)	(497,845)	(13,623)	-	(10,080,493)
Transfers from Projects under construction	-	14,947,749	50,853,284	-	5,852,636	5,709,229	(77,362,898)	-
Closing net book amount	**120,908,260**	**771,664,515**	**767,899,197**	**159,141,940**	**48,780,372**	**26,179,712**	**99,271,101**	**1,993,845,097**
At 31 December 2019								
Cost	120,908,260	938,791,751	1,130,316,854	273,635,023	133,342,261	105,966,235	99,271,101	2,802,231,485
Accumulated depreciation	-	(167,127,236)	(362,417,657)	(114,493,083)	(84,561,889)	(79,786,523)	-	(808,386,388)
Net book amount	**120,908,260**	**771,664,515**	**767,899,197**	**159,141,940**	**48,780,372**	**26,179,712**	**99,271,101**	**1,993,845,097**
Year ended 31 December 2020								
Opening net book amount	120,908,260	771,664,515	767,899,197	159,141,940	48,780,372	26,179,712	99,271,101	1,993,845,097
Additions	-	-	1,894,261	69,851,032	14,032,601	10,044,100	419,186,150	515,008,144
Depreciation charge	-	(38,549,074)	(57,662,673)	(49,256,189)	(21,549,753)	(14,027,700)	-	(181,045,389)
Disposals	-	-	(87,264)	(5,696,300)	(3,029,352)	(9,430,664)	-	(18,243,580)
Accumulated depreciation of disposals	-	-	87,264	5,668,581	3,021,909	8,554,867	-	17,332,621
Translation of foreign operations	-	-	-	-	-	9,689	4,392,442	4,402,131
Transfers from Projects under construction	-	33,614,836	126,692,406		35,371,764	21,680,686	(217,359,692)	-
Closing net book amount	**120,908,260**	**766,730,277**	**838,823,191**	**179,709,064**	**76,627,541**	**43,010,690**	**305,490,001**	**2,331,299,024**
At 31 December 2020								
Cost	120,908,260	972,406,587	1,258,816,257	337,789,755	179,717,274	128,270,046	305,490,001	3,303,398,180
Accumulated depreciation	-	(205,676,310)	(419,993,066)	(158,080,691)	(103,089,733)	(85,259,356)	-	(972,099,156)
Net book amount	**120,908,260**	**766,730,277**	**838,823,191**	**179,709,064**	**76,627,541**	**43,010,690**	**305,490,001**	**2,331,299,024**

During the year, the group has capitalized borrowings costs amounting to EGP 2,224,658 on qualified assets. The capitalization rate used to determine the amount of borrowing cost to be capitalized is the interest rate applicable to the group's specific borrowings during the year was 6.5%

6. Right of use assets

	2020	2019
Balance on initial adoption of IFRS 16	-	32,144,016
Opening net book amount at 1 January	61,432,524	-
Additions during the year	24,038,703	39,086,151
Amortization expenses	(11,604,852)	(8,679,579)
Translation of foreign operations	1,313,448	(1,118,064)
Balance	**75,179,823**	**61,432,524**

Right of use assets represent properties rented by the group.

7. Intangible assets

	2020			
	Trademark (A)	Know how (B)	Software (C)	Total
Cost	131,480,647	31,430,995	5,365,008	168,276,650
Additions	-	-	906,630	906,630
Amortisation for the year	-	-	(2,630,701)	(2,630,701)
Balance as of	**131,480,647**	**31,430,995**	**3,640,937**	**166,552,579**

	2019			
	Trademark (A)	Know how (B)	Software (C)	Total
Cost	131,480,647	31,430,995	7,009,436	169,921,078
Additions	-	-	729,058	729,058
Amortisation for the year	-	-	(2,373,486)	(2,373,486)
Balance as of	**131,480,647**	**31,430,995**	**5,365,008**	**168,276,650**

A. Trademark

	Trademark (HOHOS, Twinkies & Tiger Tail)	
	2020	2019
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 definite life. On the 16th of April 2015 the Group 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 indefinite useful lives, and this is against USD 8 Million equivalent to EGP 62,861,989.

B. Know how

	Know How	
	2020	2019
Cost		
Opening balance	31,430,995	31,430,995
Balance as of	**31,430,995**	**31,430,995**

On the 16 April 2015 the Group 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	
	2020	2019
Cost		
Opening balance	5,365,008	7,009,436
Additions	906,630	729,058
Amortization expense for the year	(2,630,701)	(2,373,486)
Balance as of	**3,640,937**	**5,365,008**

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 CGU operates.

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

Assumptions used by the Group when testing the impairment of intangible assets as of 31 December 2020 as follows:

Average gross margin	43%
Sales growth rate	11%
Pre-tax discount rate	14%
Growth rate	3%

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

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

The Group test the impairment of intangible assets depending on financial, operational, marketing position in the prior years, and its expectation for the market in the future by preparing a business plan using the growth rate and the discount rate prevailing. 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 3%. 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 14%. If all other assumptions kept the same, and the discount rate is 40% would give a value in use exceed the current carrying amount.

At 31 December 2020, 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.

8. Inventories

	2020	2019
Raw and packaging materials	202,257,766	195,916,056
Finished goods	52,027,070	40,892,377
Spare parts	43,228,256	43,060,821
Work in process	13,086,923	11,419,617
Consumables	7,509,357	7,279,085
Total	**318,109,372**	**298,567,956**
Less: allowance for decline in value	(2,834,224)	(3,147,531)
Net	**315,275,148**	**295,420,425**

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

During the year ended 31 December 2020, there has been a slow moving and obsolete inventory addition amounted to EGP 822,000 (2019: EGP 2,136,834) (Note 25) and the cost of write down amounted to EGP 1,135,307 (2019: EGP 3,436,519).

The cost of inventory recognized as an expense and included in cost of sales amounted to EGP 1,955,242,665 during the year ended 31 December 2020 (2019: EGP 2,000,791,962).

9. Financial instruments by category

The Group holds the following financial instruments:

	2020	2019
Financial assets at amortised cost		
Trade and other receivables (excluding non-financial assets) * (Note 10)	63,849,504	78,376,198
Cash and bank balances (Note 12)	218,340,350	153,615,452
Financial assets at amortized cost (Note 11)	499,232,147	548,192,500
Total	**781,422,001**	**780,184,150**

	2020	2019
Financial liabilities at amortised cost		
Borrowings (Note 13)	938,971,320	791,644,355
Trade and other payables (excluding non-financial liabilities) * (Note 17)	569,426,522	492,810,996
Bank overdraft (Note 19)	80,364,773	120,096,127
Lease liabilities (Note 16)	83,819,521	63,870,199
Total	**1,672,582,136**	**1,468,421,677**

** 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 equals 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, social insurances and deferred government grants.

10. Trade and other receivables

	2020	2019
Trade receivables	18,952,818	44,219,887
Notes receivable	7,837,950	744,305
Total	**26,790,768**	**44,964,192**
Less: Provision for impairment of trade receivables	(20,556)	(20,556)
	26,770,212	**44,943,636**
Advances to suppliers	77,745,743	
	93,969,686	
Prepaid expenses	20,747,095	15,403,515
Deposits with others	16,673,936	15,542,106
Due from related parties (Note 32)	7,344,004	8,033,496
Other current assets	12,702,493	9,378,854
Value added tax - receivables	-	16,443,694
Letters of credit	125,167	239,152
Employee loans	233,692	238,954
Total	**162,342,342**	**204,193,093**

Classification of trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note (3B).

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed nine months. Collateral is not normally obtained.

Impairment of trade receivables

Information about the impairment of trade receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note (3B).

Trade receivables are due for settlement within 90 days therefore there is no significant financing component.

11. Financial assets at amortised cost

	2020	2019
Treasury bills	448,889,188	548,192,500
Corporate bonds	50,342,959	-
	499,232,147	**548,192,500**

11.1) Treasury bills

	2020	2019
Treasury bills par value		
91 Days maturity	159,850,000	60,225,000
250 - 273 Days maturity	314,675,000	529,600,000
	474,525,000	**589,825,000**
Unearned interest	(32,297,095)	(101,344,999)
Amount of treasury bills paid	**442,227,905**	**488,480,001**
Interest income recognized to profit or loss	6,661,283	59,712,499
Treasury bills balance	**448,889,188**	**548,192,500**

The average effective interest rate related to treasury bills is 13.74 %.

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.

11.2) Corporate Bonds

	2020
Corporate bonds	
More than 90 Days maturity	50,000,000
Interest income recognized to profit or loss	342,959
	50,342,959

On December 2020 the group purchased Corporate bonds from EFG-Hermes amounted to EGP 50 million, the bond will mature on December 2021 and carry an effective interest rate of 11.38%.

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

12. Cash and bank balances

	2020	2019
Cash at banks and on hand	80,668,150	153,615,452
Time deposit – Foreign currency	137,672,200	-
Cash and bank balances (excluding bank overdrafts)	**218,340,350**	**153,615,452**

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

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

	2020	2019
Cash and bank balances	218,340,350	153,615,452
Treasury bills with maturities of 3 months or less	158,102,556	60,018,881
Bank overdraft (Note 19)	(80,364,773)	(120,096,127)
Total	**296,078,133**	**93,538,206**

13. Borrowings

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Loans	195,769,320	743,202,000	938,971,320	185,887,584	605,756,771	791,644,355
	195,769,320	**743,202,000**	**938,971,320**	**185,887,584**	**605,756,771**	**791,644,355**

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

	2020	2019
Balance due within 1 year	187,922,179	178,908,863
Accrued interest	7,847,141	6,978,721
	195,769,320	**185,887,584**

(1) Edita Food Industries Company

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First loan	10,187,943	-	10,187,943	41,342,460	-	41,342,460
Second loan	18,675,563	9,000,000	27,675,563	19,489,438	18,000,000	37,489,438
Third loan	16,479,208	26,396,659	42,875,867	38,467,668	55,939,553	94,407,221
Fourth loan	40,086,373	132,747,039	172,833,412	56,797,975	170,053,819	226,851,794
Fifth loan	-	-	-	11,169,415	11,027,159	22,196,574
Sixth loan	16,831	4,136,902	4,153,733	8,765,387	12,936,240	21,701,627
Seventh loan	57,229,635	222,323,200	279,552,835	1,461,794	283,184,000	284,645,794
Eighth loan	112,762	82,798,473	82,911,235	-	-	-
Ninth loan	31,465	32,964,970	32,996,435	-	-	-
Total	**142,819,780**	**510,367,243**	**653,187,023**	**177,494,137**	**551,140,771**	**728,634,908**

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

	2020	2019
Balance due within 1 year	139,130,748	170,908,863
Accrued interest	3,689,032	6,585,274
Total	**142,819,780**	**177,494,137**

Borrower	Type of debt	Guaranties	Currency	Interest rate
First loan	Loan	Cross corporate guarantee Digma Trading Company amounted to LE 185,000,000	EGP/USD	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	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	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	0.5% above mid corridor rate of Central Bank of Egypt and average 4% above USD Libor rate 6 months.
Fifth loan	Loan		USD	3.85% above the USD Libor rate 3 months.
Sixth loan	Loan		USD	3.85% above the USD Libor rate 3 months.
Seventh loan	Loan		USD	4% above the USD Libor rate - 6 months.
Eighth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %
Ninth loan	Loan	Cross corporate guarantee Digma Trading Company	EGP	8 %

Eighth loan

During the year, the group obtained a loan facility of EGP 96 million from one of the commercial banks under the central bank of Egypt initiative to support the Egyptian manufacturing companies, according to the initiative, the loan was obtained at interest rate of 8 % that is lower than the prevailing market rate of similar loans, The group utilised EGP 92 million from the total facility up to 31 December 2020.

Terms of payments:

Edita is obligated to pay the loan on 10 semi-annual installments and the first instalment is due on November 2022.

Fair value:

The fair value of the loan at initial recognition has been calculated by discounting the future cash outflows using the prevailing market rate of interest which is determined to be 10.75 % , the difference between the fair value and loan proceed has been accounted for as deferred government grant to be amortised over the loan's term.

Ninth loan

During the year, the group obtained a loan facility of EGP 105 million from one of the commercial banks under the central bank of Egypt initiative to support the Egyptian manufacturing companies, according to the initiative, the loan was obtained at interest rate of 8 % that is lower than the prevailing market rate of similar loans, The group utilised EGP 36 million from the total facility up to 31 December 2020.

Terms of payments:

Edita is obligated to pay the loan on 11 semi-annual installments and the first instalment is due on June 2022.

Fair value:

The fair value of the loan at initial recognition has been calculated by discounting the future cash outflows using the prevailing market rate of interest which is determined to be 10.75 % , the difference between the fair value and loan proceed has been accounted for as deferred government grant to be amortised over the loan's term.

(2) Digma For Trading

	2020			2019		
	Short-term portion	Long-term portion	Total	Long-term portion	Long-term portion	Short-term portion
First Loan	37,095,943	116,242,805	153,338,748	-	-	-
	37,095,943	**116,242,805**	**153,338,748**	**-**	**-**	**-**

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

	2020	2019
Balance due within 1 year	33,212,231	-
Accrued interest	3,883,712	-
	37,095,943	**-**

The company obtained a loan from a financial institution based on a cross corporate guarantee issued from Edita Food Industries Company amounted to EGP 155 million. The loan outstanding balance at 31 December 2020 amounted to EGP 149,455,036 in addition to accrued interests.

Terms of payments:

Digma is obligated to pay the loan on 9 semi-annual installments amounted to 16,606,116 and the first installment is due on 27 February 2021 and the last installment is due on 27 February 2025

Interest:

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

Fair value:

Fair value is approximately equal to book value.

(3) Edita Confectionery Industries Company

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First Loan	8,049,556	12,000,000	20,049,556	8,054,556	16,000,000	24,054,556
	8,049,556	**12,000,000**	**20,049,556**	**8,054,556**	**16,000,000**	**24,054,556**

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

	2020	2019
Balance due within 1 year	8,000,000	8,000,000
Accrued interest	49,556	54,556
	8,049,556	**8,054,556**

(4) Edita Food Industries Morocco

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First Loan	-	74,275,152	74,275,152	-	-	-
	-	**74,275,152**	**74,275,152**	**-**	**-**	**-**

During the year, the company obtained a loan facility of MAD 80 million from one of the commercial banks to finance the new factory construction project in Morocco. The group utilised MAD 42,031,277 (equivalent EGP 74,275,152) from the total facility up to 31 December 2020.

The assets and tools of the financed project is considered collateral in return for this loan which value amounted to MAD 115 M

Terms of payments:

Edita Food Industries Morocco is obligated to pay the loan on 20 quarter installments and the first instalment is due on August 2022.

Interest:

The interest rate is 6%.

Fair value:

Fair value is approximately equal to book value.

(5) Edita Participation Limited

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
First Loan	7,804,041	30,316,800	38,120,841	338,891	38,616,000	38,954,891
	7,804,041	**30,316,800**	**38,120,841**	**338,891**	**38,616,000**	**38,954,891**

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

	2020	2019
Balance due within 1 year	7,579,200	-
Accrued interest	224,841	338,891
	7,804,041	**338,891**

On June 2019, the group signed an agreement with a financial institution to obtain a loan amounting to USD 20,000,000. The loan outstanding amounts for Edita Participation Limited was USD 2,400,000 as of 31 December 2020.

Terms of payments:

The company is obligated to pay USD 2,400,000 on 10 equal semi-annual instalments; each instalment amounts to USD 240,000. The first instalment is due on May 2021 and the last on November 2025.

Interest:

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

Fair value:

Fair value is approximately equal to book value

Deferred government grants

During the year, the group obtained a loan facility of EGP 201 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:

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Edita Eighth loan	2,244,311	7,159,895	9,404,206	-	-	-
Edita Ninth loan	700,853	2,112,016	2,812,869	-	-	-
	2,945,164	**9,271,911**	**12,217,075**	**-**	**-**	**-**

14. Deferred tax liability

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

	Fixed assets	Acquiring Digma Company for Trading	Other provisions	Carry forward tax losses	Unrealized foreign exchange loss	Net deferred tax liabilities 2020	Net deferred tax liabilities 2019
Deferred tax assets							
Balance at 1 January	-	-	4,179,140	614,380	2,951,871	7,745,391	7,822,439
Charged to statement of profit or loss	-	-	2,363,189	13,672,910	(2,666,479)	13,369,620	(77,048)
	-	-	1,058,471	-	-	1,058,471	-
Translation of foreign operations	-	-	-	(622,323)	-	(622,323)	-
Ending balance	-	-	7,600,800	13,664,967	285,392	21,551,159	7,745,391
Deferred tax liabilities							
Balance at 1 January	(172,691,622)	(2,854,516)	-	-	-	(175,546,138)	(165,991,132)
Charged to statement of profit or loss	(18,504,310)	240,423	-	-	-	(18,263,887)	(9,555,006)
Ending balance	(191,195,932)	(2,614,093)	-	-	-	(193,810,025)	(175,546,138)
Net deferred tax liabilities	(191,195,932)	(2,614,093)	7,600,800	13,664,967	285,392	(172,258,866)	(167,800,747)
Balance at 1 January	(172,691,622)	(2,854,516)	4,179,140	614,380	2,951,871	(167,800,747)	(158,168,693)
Charged to statement of comprehensive income	-	-	1,058,471	(622,323)	-	436,148	-
Charged to statement of profit or loss (Note 27)	(18,504,310)	240,423	2,363,189	13,672,910	(2,666,479)	(4,894,267)	(9,632,054)
Ending balance	(191,195,932)	(2,614,093)	7,600,800	13,664,967	285,392	(172,258,866)	(167,800,747)

15. Employee retirement Benefit obligations

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

	2020	2019
Discount rate	14.2%	15%
Average salary increase rate	10%	10%
Turnover rate	21%	35%
Life table	49-52	49-52

The amounts recognized at the balance sheet date are determined as follows:

	2020	2019
Present value of obligations	20,164,016	11,600,000
Liability at the balance sheet	**20,164,016**	**11,600,000**

Movement in the liability recognized in the balance sheet:

	2020	2019
Balance at beginning of the year	11,600,000	6,621,193
Interest expenses	1,647,200	993,179
Current service cost	2,648,486	5,680,207
Total amount recognised in profit or loss (Note 25)	**4,295,686**	**6,673,386**
Remeasurements:-		
Loss from change in assumptions	4,704,314	-
Total amount recognized in other comprehensive income	**4,704,314**	**-**
Paid during the year	(435,984)	(1,694,579)
Balance at end of the year	**20,164,016**	**11,600,000**

Sensitivity in Defined Benefit Obligation:-

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 7 %	Increase by 12 %

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 recognized in the Consolidated Consolidated balance sheet statement.

16. Lease liability

	2020	2019
Commitments in relation to leases are payable as follows:		
Within one year	17,163,655	9,416,552
Later than one year and less than five years	61,017,047	56,100,455
Later than five years	72,108,894	52,756,420
Minimum lease payments	**150,289,596**	**118,273,427**
The present value of lease liabilities are as follows:		
Within one year	6,498,317	7,576,894
Later than one year and less than five years	30,781,874	37,136,592
Later than five years	46,539,330	19,156,713
Present value of minimum lease payments	**83,819,521**	**63,870,199**

17. Trade and other payables

	2020	2019
Trade payables	195,676,712	188,406,174
Accrued expenses	143,853,612	129,639,242
Creditors to purchase of property, plant and equipment	113,007380	15,245,032
Notes payable	66,785,982	128,454,135
Other credit balances	31,933,051	21,443,493
Taxes payable	29,134,394	39,573,804
Social insurance	10,871,532	6,757,022
Dividends payable	7,242,868	1,633,863
Deferred government grants (Note 13)	2,945,164	-
Contract liabilities – accrued rebates	10,926,917	7,989,057
Contract liabilities – advances from customers	9,666,224	5,183,186
Total	**622,043,836**	**544,325,008**

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

18. Current income tax liabilities

	2020	2019
Balance at 1 January	63,186,112	6,633,469
Income tax paid during the year	(75,107,022)	(10,087,816)
Withholding tax receivable	(4,984,531)	(5,068,754)
Income tax for the year (Note 27)	102,066,776	120,997,681
Corporate income tax – advance payments	(37,342,974)	(34,618,800)
Tax on Treasury bills	(15,820,937)	(12,679,087)
Accrued interest – advance payments	(2,100,246)	(1,990,581)
Balance at end of year	**29,897,178**	**63,186,112**

19. Bank overdraft

	2020	2019
Bank overdraft	80,364,773	120,096,127
Total	**80,364,773**	**120,096,127**

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 9.29 % as of 31 December 2020 (2019: 13.25%).

20. Provisions

	Other provisions	
	2020	2019
Balance at 1 January	21,221,845	29,270,866
Additions during the year (Note 25)	19,350,683	7,482,340
Utilized during the year	(3,024,540)	(9,995,304)
Provision no longer required	(3,134,935)	(5,536,057)
Balance at end of year	**34,413,053**	**21,221,845**

Other provisions relate to claims expected to be made by a third party in connection with the Group's operations. The information usually required by the International Financial Reporting 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.

21. Share capital

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

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

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

On the 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 72,536,290 EGP to be 145,072,580 EGP. An increase amounted to 72,536,290 EGP distributed on 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 the commercial register on 9 May 2016.

The issued capital amounted to EGP 145,072,580 (par value EGP 0.2 per share) is distributed as follows as of 31 December 2020:

Shareholders	No. of shares	Shares value	Percentage of ownership
Quantum Investment BV	303,308,300	60,661,660	41.82%
The Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange"	86,749,655	17,349,931	11.96%
Kingsway Fund Frontier Consumer Franchises	59,553,461	11,910,692	8.21%
Treasury shares	2,304,461	460,892	0.32%
Others (Public stocks)	273,447,023	54,689,405	37.70%
	725,362,900	**145,072,580**	**100%**

The issued capital amounted to LE 145,072,580 (par value LE 0.2 per share) is distributed as follows as of 31 December 2019:

Shareholders	No. of shares	Shares value	Percentage of ownership
Quantum Investment BV	303,308,300	60,661,660	41.82%
The Bank of New York Mellon "depositary bank for shares traded in London Stock Exchange"	93,285,610	18,657,122	12.86%
Kingsway Fund Frontier Consumer Franchises	80,741,242	16,148,248	11.13%
Others (Public stocks)	248,027,748	49,605,550	34.19%
	725,362,900	**145,072,580**	**100%**

Treasury shares

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

22. Legal reserve

In accordance with Companies 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.

23. Non-controlling interest

Transaction with non-controlling interest

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 the total consideration of EGP 55,297,782. The acquisition was completed in June of 2019 and accordingly Edita Food Industries' share in Edita Confectionary Industries increased from 77.71% to 99.98%. The effect on the equity attributable to the owners of Parent during the year is summarised as follows:

	2020	2019
Carrying amount of non-controlling interest acquired	23,165,685	23,165,685
Consideration paid to non-controlling interest	(55,297,783)	(55,297,783)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(32,132,098)**	**(32,132,098)**

	Share capital	Legal reserves	Assets revaluation reserve	Currency translation differences	(Accumulated losses)	Total	
						2020	2019
Balance at 1 January	**37,724,135**	**593,605**	**38,162**	**(996,523)**	**(1,138,682)**	**36,220,697**	**23,795,932**
Non-controlling share in loss of subsidiaries	-	-	-	-	(2,839,404)	(2,839,404)	(933,272)
Currency translation differences	-	-	-	2,372,174	-	2,372,174	(996,523)
Total comprehensive income for the year	**-**	**-**	**-**	**2,372,174**	**(2,839,404)**	**(467,230)**	**(1,929,795)**
Non-controlling interest share in establishment of subsidiary	-	-	-	-	-	-	37,693,675
Purchase of non-controlling interest share in subsidiary	-	-	-	-	-	-	(23,165,685)
Transfer to legal reserve	-	-	-	-	(79)	(79)	-
Dividends distribution to non-controlling interests in subsidiaries	-	-	-	-	-	-	(173,430)
Balance at end of year	**37,724,135**	**593,605**	**38,162**	**1,375,651**	**(3,978,165)**	**35,753,388**	**36,220,697**

24. Other income

	2020	2019
Export subsidies	70,739,519	7,073,190
Other income	3,567,254	4,585,548
Gain from sales of property, plant and equipment (Note 31)	3,255,064	7,306,759
Provision no longer required	3,134,935	5,536,057
Governmental Grant	1,022,160	-
Net	**81,718,932**	**24,501,554**

25. Other losses, net

	2020	2019
Provision for slow moving inventory	(822,000)	(2,136,834)
Other Provisions (Note 20)	(19,350,683)	(7,482,340)
Provision for employee benefit obligation (Note 15)	(4,295,686)	(6,673,286)
Solidarity contribution	(17,935,614)	(17,776,344)
Impairment loss (Note 5)	-	(16,593,500)
Dividends tax	-	(4,327,079)
Net	**(42,403,983)**	**(54,989,383)**

26. Finance cost - net

	2020	2019
Finance income		
Interest income	74,336,896	61,897,019
Interest income – corporate tax advance payment	2,100,245	1,990,581
Foreign exchange gains	-	29,880,928
	76,437,141	**93,768,528**
Finance cost		
Interest expense	(96,513,245)	(106,998,119)
Foreign exchange losses	(260,039)	-
	(96,773,284)	**(106,998,119)**
Finance cost - net	**(20,336,143)**	**(13,229,591)**

27. Income tax expense

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

	2020	2019
Income tax for the year (Note 18)	102,066,776	120,997,681
Deferred tax expense for the year (Note 14)	4,894,267	9,632,054
Total	**106,961,043**	**130,629,735**
Profit before tax	**409,177,969**	**492,917,336**
Tax calculated based on applicable tax rates	92,065,043	110,906,401
	92,065,043	110,906,401
Tax effect of non-deductible expenses	14,896,000	21,623,698
Tax losses for which no deferred income tax asset was recognized	-	(1,900,364)
Income tax expense	**106,961,043**	**130,629,735**
Effective tax rate	**26 %**	**26.5%**

28. Revenue from contracts with customers

A. Disaggregation of revenue from contracts with costumers

The Group derives revenue from the transfer of goods at a point in time. The Group disaggregate revenue by products line as disclosed in note (36) segment reporting.

B. The Group has recognised the following contracts' liabilities

	2020	2019
Contract liabilities – accrued rebates	10,926,917	7,989,057
Contract liabilities – advances from customers	9,666,224	5,183,186
Total contract liabilities	**20,593,141**	**13,172,243**

C. The increase in contracts' liabilities mainly due to the increase in the advance payments made by the export customers during the year.

29. EARNINGS PER SHARE

Basic

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

	2020	2019
Profit attributed to owners of the parent	**305,056,330**	**363,220,873**
Weighted average number of ordinary shares in issue		
Ordinary shares	725,362,900	725,362,900
Treasury shares	(1,536,307)	-
Weighted average number of ordinary shares in issue	**723,826,593**	**725,362,900**
Basic earnings per share	**0.42**	**0.50**

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.

30. Expenses by nature

	2020	2019
Cost of sales	2,633,727,265	2,602,963,051
Distribution cost	669,149,932	593,990,396
Administrative expenses	328,011,937	291,683,948
	3,630,889,134	**3,488,637,395**
Raw and packaging materials used	1,955,242,665	2,000,791,962
Salaries and wages	562,565,576	451,655,260
Advertising and marketing	241,129,920	245,519,331
Depreciation and amortization	195,280,942	160,492,946
Gas, water and electricity	94,774,849	95,887,850
Miscellaneous and other expense	121,657,734	115,100,748
Employee benefits	108,272,830	87,861,744
Rent	67,892,684	67,234,530
Company share in social insurance	56,317,878	52,571,539
Profit share employee	34,229,534	44,136,969
Transportation expenses	56,735,228	50,202,704
Maintenance	40,756,008	42,767,338
Vehicle expense	60,519,813	45,955,848
Consumable materials	35,513,473	28,458,626
	3,630,889,134	**3,488,637,395**

31. Cash Flow Information

31.1 Cash generated from operations

	2020	2019
Profit for the year before income tax	409,177,969	492,917,336
Adjustments for:		
Provisions	19,350,683	7,482,340
Provision for employee retirement benefit obligation	4,295,686	6,673,286
Interest expense	96,513,245	106,998,119
Interest income	(74,336,896)	(61,897,019)
Governmental Grant	(1,022,160)	-
Interest income – corporate tax advance payment	(2,100,245)	(1,990,581)
Depreciation and amortization	195,280,942	160,492,946
Impairment loss	-	16,593,500
Provision for slow moving inventory	822,000	2,136,834
Gain on disposal of property, plant and equipment	(3,255,064)	(7,306,759)
Provision no longer required	(3,134,935)	(5,536,057)
Foreign exchange (gain)	(6,672,972)	(25,161,352)
	634,918,253	**691,402,593**
Change in working capital		
Inventories	(19,541,416)	(5,292,399)
Trade and other receivables	41,850,751	(76,013,768)
Trade and other payables	(38,233,716)	83,919,662
Provisions used	(4,159,847)	(13,431,823)
Payments of employee benefit obligations	(435,984)	(1,694,479)
Cash generated from operations	**614,398,041**	**678,889,786**

31.2 Net debt reconciliation

	2020	2019
Cash and cash equivalent	296,078,133	93,538,206
Borrowings – repayable within one year	(195,769,320)	(185,887,584)
Borrowing – repayable after one year	(743,202,000)	(605,756,771)
Total	**(642,893,187)**	**(698,106,149)**

	Cash and cash equivalent	Borrowing due within 1 year	Borrowing due after 1 year	Total
Net debt as at 1 January 2020	93,538,206	(185,887,584)	(605,756,771)	(698,106,149)
Cash flows	204,952,804	(11,733,874)	(144,476,527)	48,742,403
Foreign exchange adjustment	(2,412,877)	1,852,138	7,031,298	6,470,559
Net debt as at 31 December 2020	**296,078,133**	**(195,769,320)**	**(743,202,000)**	**(642,893,187)**

31.3 Non-cash Investing and Finance Activities

Transfer to Property, Plant and Equipment from Projects under construction. (Refer note 5).

Acquisition of Right-of-Use-Assets. ((Refer note 6).

Purchase of property, plant and equipment on credit. (Refer note 17).

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

	2020	2019
Net book amount	910,959	1,525,061
Gain on disposal of property, plant and equipment	3,255,064	7,306,759
Proceeds from disposal of property, plant and equipment	**4,166,023**	**8,831,820**

32. Related parties

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in IAS 24, "Disclosure of related parties". The related parties comprise the Group'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 Group as related parties. The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses. Below is the statement that shows the nature and values of transaction with related parties during the year, and the balances due at the date of the financial statements.

a. Due from related parties

	2020	2019
La Marocaine De Distribution De Logistiqus (Dislog S.A)	7,344,004	8,033,496
Total	**7,344,004**	**8,033,496**

The nature of transaction during the year ended 31 December 2020 is represented in sale of finished goods amounting to EGP 21,411,280 (2019: EGP 16,051,544).

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

b. Key management compensation

During the year ended 31 December 2020, the group paid an amount of LE 90,037,576 as benefits to the key management members (2019: LE 86,139,864).

	2020		2019	
	Non-executive / independent board members	Key management personnel	Non-executive / independent board members	Key management personnel
Salaries and compensation	2,700,000	82,513,676	2,700,000	78,726,304
Allowances	3,360,000	1,282,200	3,260,000	1,282,200
Other benefit	-	181,700	-	171,360

33. 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 financial statements date.

Edita Food Industries Company

a) Corporate tax

- The company is tax exempted for a period of 10 years ending 31 December 2007 in accordance with Law No. 230 of 1989 and Law No. 59 of 1979 related to New Urban Communities. The exemption period was determined to start from the fiscal year beginning on 1 January 1998. The company submits its tax returns on its legal period.
- The tax inspection was performed for the period from the company's inception till 31 December 2012 and all due tax amounts paid.
- For the years 2013-2016; the company finalized the tax inspection and the difference was transferred to an internal committee.
- For the years 2017 – 2019 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 2014 and company paid tax due.
- As for the years 2015 till 2019 the tax inspection has not been performed and the company is submitting the quarterly tax return on due time to the Tax Authority.

c) VAT & Sales tax

- The sales tax inspection was performed till 31 December 2019 and tax due was paid.

d) Stamp duty tax

- The stamp duty tax inspection was performed till 2018 and we did not receive the tax claim yet.
- For 2019 tax inspection has not been performed.

Digma for Trading Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax law No, 91 of 2005 and amendments.
- The tax inspection was performed by the Tax Authority for the year from the Company's inception until year 2014 and the tax resulting from the tax inspection were settled and paid to the Tax Authority.
- For the years from 2015 to 2019 Company submits its tax returns on due dates according to law No, 91 for the year 2005.

b) Payroll tax

- The tax inspection was performed until 31 December 2014 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- For the years from 2015 to 2019 the Company submitted its quarter tax returns to Tax Authority on due dates.

c) VAT & Sales tax

- The tax inspection was performed until 31 December 2015 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The years 2016-2019 the Company submits its monthly sales VAT return on due date.

d) Stamp tax

- The tax inspection was performed for the year from the Company's inception until
- 31 December 2016 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority
- For the years 2017 and 2019 the Company paid the tax due.

Edita Confectionary Industries Company

a) Corporate tax

- The Company is subject to the corporate income tax according to tax Law No. 91 of 2005 and adjustments.
- The corporate tax inspection was performed for the years from 2009 to 2016 and the difference was transferred to an internal committee.
- The company hasn't been inspected for the years from 2017 to 2019 and the Company submitted its tax returns to Tax Authority on due dates.

b) Payroll Tax

- The payroll tax inspection was performed for the years from 2009 to 2012 and the tax due was paid to the Tax Authority.
- The company hasn't been inspected for the year from 2013 to 2019.

c) VAT & Sales Tax

- The tax inspection was performed for the year from the Company's inception until 2018 and the tax resulting from the tax inspection and assessment were settled and paid to the Tax Authority.
- The company hasn't been inspected for 2019 and the Company submits its monthly VAT tax return on due date.

d) Stamp Tax

- The stamp tax inspection was performed from 2009 to 2014 and the tax due was paid to the Tax Authority.
- The Company has not been inspected for the year from 2015 to 2019.

34. Contingent liability

(1) Edita Food Industries Company

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

The Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP 39,835,555 as at 31 December 2020 (2019: EGP 40,632,491).

(2) Digma for Trading Company

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

The Company hadnot contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business as at 31 December 2020 (2019 was nil).

(3) Edita Confectionary Industries Company

At 31 December 2020, the Company had contingent liabilities in respect of letters of guarantee and letters of credit arising from ordinary course of business amounted to EGP 1,340,572 (2019: EGP 806,302).

35. Commitments

Capital commitments

The Group has capital commitments as of 31 December 2020 of EGP 79 M (2019: EGP 108.7 M) in respect of capital expenditure.

36. Segment reporting

Edita operates across five segments in Egyptian snack food market offering nine distinct brands:

Segment	Brand	Product
Cake	Tiger tail, Twinkies, Todo and HOHOS	Traditional rolled filled and layered cake as well as brownies and packaged donut
Croissants	Molto	Sweet and savoury croissants and strudels
Rusks	Bake Rolz, Bake Stix	Baked wheat salty snack
Wafer	Freska	Filled wafers
Candy	Mimix	Hard, soft and jelly candy and lollipops

(Amounts presented to the nearest thousands EGP)

	Cake		Croissant		Rusks		Wafer		Candy		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	1,710,474	1,772,252	1,507,046	1,361,161	287,780	394,244	336,159	337,021	157,570	155,097	22,059	5,497	4,021,088	4,025,272
Gross profit	669,677	719,303	512,838	448,167	85,180	116,777	85,154	96,803	34,816	39,197	(304)	2,063	1,387,361	1,422,310
Operating profit	**316,909**	**377,652**	**144,419**	**119,134**	**20,972**	**26,355**	**(8,826)**	**(16,691)**	**(16,211)**	**(1,637)**	**(27,749)**	**1,334**	**429,514**	**506,147**

Operating profit reconciles to net profit as follows:

	2020	2019
Operating profit	429,514	506,147
Finance cost	(96,773)	(106,998)
Finance income	76,437	93,769
Income tax	(106,961)	(130,630)
Net profit	**302,217**	**362,288**

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

- Management has determined the operating segments based on the information reviewed by the chief operating decision makers of the group who is the chief executive officer for the purpose of allocating and assessing resources.
- The chief operating decision makers consider the business from products perspective. Although Rusks, Wafer, and Candy do not meet the quantitative threshold required by IFRS 8 for reportable segments, management has concluded that these segments should be reported as it is closely monitored by the chief operating decision makers as it is expected to materially contribute to the Group revenue in the future.
- The chief operating decision makers assesses the performance of the operating segments based on their operating profit.
- 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 group.

37. COVID 19 Impact

In response to the spread of the Covid-19 in Egypt and other territories where Group operates and its resulting disruptions to the social and economic activities in those markets, Edita's management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets . Notwithstanding these challenges.

Edita's business operations currently remain slightly impacted as the food industry in general is exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. Based on these factors, Edita's management believes that the Covid-19 pandemic has had no material effects on Edita's reported financial results for the year ended 31 December 2020. Edita's management continues to monitor the situation closely.

However, as explained above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual Consolidated Financial Statements against the backdrop of Covid-19 pandemic as follows:

Impairment of non-financial assets: There group has carried out impairment testing for all non-financial assets at 31 December 2020, the test results showed no impairment loss as indicated in Note (7).

All other sources of estimation uncertainty remain similar to those disclosed in the annual Consolidated Financial Statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

The Central Bank of Egypt launched an initiative to postpone the installments of individual and corporate loans for a period of 6 months. Accordingly, this has resulted in some loans balances being classified from current to non-current liabilities.

38. Earnings before interest, taxes, depreciation and amortization

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measure and disclosure by other entities.

The information disclosed in the table below represents the earnings before interest, taxes, depreciation & amortization according to the internal reports prepared by the group's management, and the earnings before interest, taxes, depreciation & amortization for the year end 31 December 2020 & 31 December 2019 were as follows:

	2020	2019
Net profit for the year	302,216,926	362,287,601
Income tax	106,961,043	130,629,735
Dividends distribution tax	-	4,327,079
Debit interest	(76,437,141)	106,998,119
Credit interest	96,513,245	(63,887,600)
Gain on sale of property, plant and equipment	(3,255,064)	(7,306,759)
Foreign exchange (gain) / loss	260,039	(29,880,928)
Donation	4,706,706	848,370
Other provision addition	9,500,005	6,999,995
Depreciation and amortization	195,280,942	177,086,448
Solidarity Contribution	17,935,612	17,776,244
Total	**653,682,313**	**705,878,304**

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