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Edita Food Industries S.A.E.

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## Edita Food Industries Reports 1Q2022 Earnings

*Edita starts the year with a strong quarter recording an earnings growth of 81.3% y-o-y to 148.1 million and revenues of EGP 1.6 billion in 1Q2022.*

### Highlights of 1Q2022

#### Summary Income Statement (EGP mn)

EGP mn

	1Q2022	1Q2021
Revenue	1,559.0	1,168.0
Gross Profit	556.6	400.0
% Margin	35.7%	34.3%
Net Profit	148.1	82.0
% Margin	9.5%	7.0%

*The discussion and analysis in this report are based on the IFRS statements. For comparison of the results to Egyptian Accounting Standards, please refer to the section "Egyptian Accounting Standards Reconciliation to IFRS."*

### Results in a Nutshell

Edita Food Industries S.A.E. (EFID.CA on the Egyptian Exchange & EFID.L on the London Stock Exchange), a leader in the Egyptian packaged snack food market, announced today its results for the quarter ended 31 March 2022, recording revenues of EGP 1,559.0 million, a 33.7% y-o-y increase, and a 39.4% y-o-y gross profit expansion to EGP 556.6 million. Net profit recorded EGP 148.1 million in 1Q2022, up an impressive 81.3% y-o-y with a net profit margin of 9.5% compared to 7.0% in the same quarter of 2021.

Edita carried over the momentum from 2021 into the first quarter of the new year to deliver strong top-line results, product portfolio growth and improved margins. Having pre-emptively repriced and optimized its product portfolio in 4Q2021, the company was able to navigate the inflationary environment exacerbated by the devaluation of the Egyptian pound. Average price per pack in 1Q2022 reached EGP 2.03, up 15.6% y-o-y, driven by portfolio optimization as well as direct and indirect price increases across the market.

in 4Q2021 to ease the pressure on profitability margins. Edita's ability to increase prices and grow sales volumes demonstrates demand resilience for the company's products. On the volumes front, Edita recorded a 15.6% y-o-y growth in total packed sales of EGP 769.7 million, with cakes, wafers and rusks being the main contributors to volume growth in 1Q2022.

In 1Q2022, Edita's gross profit recorded EGP 556.6 million, up 39.4% y-o-y, yielding a gross profit margin of 35.7% versus 34.2% recorded last year. The results were underlined by a successful migration to higher-price points and efficiently managed costs to protect profitability. Manufacturing overheads (MOH) declined to 10.6% as a percentage of sales in 1Q2022 compared to 11.2% in 1Q2021 on the back of higher volumes and economies of scale. Consequently, gross profitability improved despite a 38% increase in direct material costs brought about by surges in raw material costs and supply chain disruptions that are driving commodity prices to record highs.

Net profit for the quarter grew an impressive 81.3% y-o-y to EGP 148.1 million, with a net profit margin of 9.5% versus 5.2% in 1Q2021, supported by strong performance down the income statement. Edita incurred an EGP 27.5 million FX loss in 1Q2022 due to the devaluation of the Egyptian pound in March 2022.

In 1Q2022, Edita recorded gross export sales of EGP 78.0 million, up by a strong 75.4% y-o-y and contributing 5.0% to total revenues during the quarter compared to 3.8% in 1Q2021.

On the regional front, Edita officially inaugurated its state-of-the-art Morocco facility, which commenced operations in December 2021 with the production of the company's flagship cake brand HOHOs. The facility marks a major milestone in Edita's expansion strategy and enables the company to strengthen its presence in the attractive Moroccan market which boasts a growing economy and population of 37 million consumers but more importantly sets the foundations from which to further grow across the MENA region. In 1Q2022, Edita Morocco recorded EGP 20.5 million in revenues in its first full quarter of operations.

### **Operational Developments**

Rolling out innovative and differentiated products that appeal to consumer evolving tastes continues to be a top priority for the company in 2022. In the first weeks of 2022, Edita launched its latest wafer product, Freska Choco Sticks, a rolled wafer with chocolate coating and chocolate hazelnut filling, retailing at EGP 3.0 per pack under the Freska brand. This was later followed by the launch of Oniro LAVA at the biscuit segment, retailing at a competitive EGP 3.0 per pack. Sold under the Oniro brand, Oniro LAVA is a flavoured biscuit filled with cocoa hazelnut cream and is offered in vanilla and chocolate flavours. In February 2022, Edita announced the rebranding of its Molto Sandwich line of baked snacks. Reintroduced as Molto Fino, the filled sandwich product is now offered in eight flavours, which expands the company's portfolio in the savoury subsegment of Egypt's bakery market. Both product launches were supported by dedicated marketing and advertisement campaigns featuring top-class celebrities and were very successful in driving demand for the new products.

On March 21, 2022, the Central Bank of Egypt decided to raise key interest rates by 100 basis points and to allow increased exchange rate flexibility as a means of absorbing macroeconomic shocks and maintaining Egypt's economic stability and competitiveness. In response to the devaluation of the Egyptian pound, Edita instituted price increases at its bakery and wafer segments. Bakery products previously priced at EGP 4.0 per pack have been repriced at EGP 5.0 per pack, while bakery products priced at EGP 5.0 per pack have been repriced at EGP 7.0 per pack. Meanwhile, wafer bar products under the Freska label priced at EGP 2.0 per pack have been repriced at EGP 3.0 per pack. The increase in prices is aimed at mitigating the impacts of global inflationary pressures and persistently rising commodity prices as well as protecting profitability.

The current state of the global business environment poses many operational challenges, including supply chain disruptions, shortages in raw materials and reduced availability of freight services. The challenges are in part mitigated by Edita's long-standing relationships with global and local suppliers, which have allowed the company to maintain a highly favourable supply position in the market. Edita is closely monitoring prices and stock levels across its markets with the goal to secure its requirements at the most attainable and to ensure production continuity.

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### **About Edita Food Industries**

Edita, founded in 1996 and headquartered in Egypt, is a leader in the growing Egyptian packaged snack food market. The company manufactures, markets and distributes a range of branded baked snack products including packaged cakes, bakery, rusks (baked biscuits), wafers and biscuits as well as selected confectionary/candy products. The Company's local brand portfolio includes household

such as Todo, Molto, Bake Rolz, Bake Stix, Freska, Oniro and MiMix. The Company also has the exclusive ownership of international Hostess brands Twinkies, Hoho's and Tiger Tail in Egypt, Libya, Jordan, Palestine, Morocco, Algeria, Tunisia, Lebanon, Iraq, Bahrain, Oman, the UAE, Kuwait, Qatar and Saudi Arabia; and is party to a technical assistance and license agreement to manufacture 11 additional Hostess brands across its territories. The Company holds strong number-one market position in its core cake and bakery segments as well as in rusks, a leading market position in candy and a growing market position in the segment. In 1Q2022, the Company derived 95.0% of its revenue from Egypt and 5.0% from regional export markets. Learn more at [ir.edita.com.eg](http://ir.edita.com.eg)

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Forward-looking statements reflect the current views of the Company's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Company's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revised or amended forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

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