

Translation from Arabic

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated financial statements  
For the financial year ended  
31 December 2022  
And Auditor's report**

**Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated financial statements**

**For the financial year ended 31 December 2022**

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## **Hazem Hassan**

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*Translation from Arabic*

### **Auditor's report**

**To: The shareholders' of Juhayna Food Industries S.A.E**

#### ***Introduction***

We have audited the consolidated statement of financial position of Juhayna Food Industries S.A.E as of 31 December 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of provisions of applicable Egyptian laws. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



**Hazem Hassan**

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

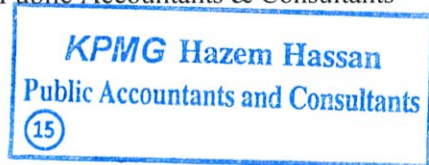
***Opinion***

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

**Emphasis of a matter**

We draw attention to Note [16] to the consolidated financial statements, which describes that a subsidiary of the group is the plaintiff in a lawsuit regarding tax exemption for the years 2009 to 2018. The tax department appeal committee revoked the tax exemption for the period from 2009 till 2014. The group has made an assessment, following legal advice, that it is more likely than not that it will be successful in defending the lawsuit brought against it. Therefore, it has concluded that it does not have a present obligation and has not recognized a provision in the consolidated financial statements. Instead, the group has concluded that a contingent liability exists on the base that the claim is indicative of a possible obligation, and this matter is disclosed in the consolidated financial statements. Our opinion is not modified in respect of this matter.

Samy Abdelhafiz Ahmed Ibrahim  
KPMG Hazem Hassan  
Public Accountants & Consultants



Cairo, 29 March 2023



Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated statement of financial position  
As of 31 December 2022

Translated from Arabic

	Note No.	31/12/2022 L.E	31/12/2021 L.E
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(12)	3 007 277 888	3 164 789 327
Projects under construction	(13)	127 380 566	73 964 179
Plant wealth - productive	(14-1)	43 990 377	26 073 857
Plant wealth - not productive	(14-2)	20 328 869	23 679 027
Biological wealth	(15)	197 472 085	196 194 420
Investments under joint control (equity)	(11)	16 926 093	15 116 843
Right of use assets	(29-2)	47 182 377	61 583 843
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		715 600	723 872
<b>Non-current assets</b>		<b>3 558 366 745</b>	<b>3 659 218 258</b>
<b>Current assets</b>			
Biological assets - Existing Agriculture		20 158 767	10 571 729
Biological assets - Feeding Sector		117 332	46 173
PPE held for sale		1 942 496	1 607 427
Inventories	(17)	1 725 513 368	879 266 088
Trade and other receivables	(18)	768 124 141	456 020 949
Due from related party	(32 -1)	559 970	2 966
Cash at banks and on hand	(19)	294 504 052	453 015 330
<b>Current assets</b>		<b>2 810 920 126</b>	<b>1 800 530 662</b>
<b>Total assets</b>		<b>6 369 286 871</b>	<b>5 459 748 920</b>
<b>Equity</b>			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		719 145 789	688 879 026
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		1 418 366 451	1 206 348 929
<b>Total equity attributable to the shareholders of the parent company</b>		<b>3 409 837 750</b>	<b>3 167 553 465</b>
Non-controlling interest		894 422	762 819
<b>Total equity</b>		<b>3 410 732 172</b>	<b>3 168 316 284</b>
<b>Non-current liabilities</b>			
Long - term loans	(21)	78 951 620	262 359 916
Lease contract liabilities - non current portion	(29)	80 440 307	109 066 326
Deferred tax liabilities	(26)	304 602 189	299 908 161
Other non current liabilities	(25)	297 878	482 730
<b>Non-current liabilities</b>		<b>464 291 994</b>	<b>671 817 133</b>
<b>Current liabilities</b>			
Provisions	(23)	78 789 406	70 078 923
Bank credit facilities	(22)	707 922 331	273 230 763
Creditors and other credit balances	(24)	1 340 285 565	928 212 428
Income tax payable	(33)	213 078 927	180 249 503
Lease contract liabilities- current portion	(29)	30 742 133	28 324 136
Loans-current portion	(21)	123 444 343	139 519 750
<b>Current liabilities</b>		<b>2 494 262 705</b>	<b>1 619 615 503</b>
<b>Total liabilities</b>		<b>2 958 554 699</b>	<b>2 291 432 636</b>
<b>Total equity and total liabilities</b>		<b>6 369 286 871</b>	<b>5 459 748 920</b>

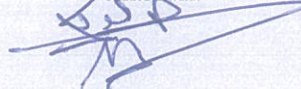
The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Chief Financial Officer  
Sameh El-hodaiby

Cairo, 29 March 2023  
"Auditor's report "attached"



Chairman  
Ahmed Elwakil





**Juhayna Food Industries**

Translated from Arabic

**(An Egyptian Joint Stock Company)****Consolidated statement of profit or loss****For the financial year ended 31 December 2022**

	Note No.	Financial year ended 31/12/2022 L.E.	Financial year ended 31/12/2021 L.E.
Net sales		11 363 960 170	8 805 974 252
Cost of sales		(8 458 554 544)	(6 278 903 539)
<b>Gross profit</b>		<b>2 905 405 626</b>	<b>2 527 070 713</b>
Other operating income	(5)	122 415 644	41 548 292
Selling and Marketing expenses	(6)	(1 544 969 079)	(1 340 271 251)
General and administrative expenses	(7)	(286 403 392)	(272 283 318)
Other expenses	(8)	(171 502 831)	(122 143 862)
<b>Results from operating activities</b>		<b>1 024 945 968</b>	<b>833 920 574</b>
Share in profit of a company under joint control		1 809 251	645 136
Net finance (expense)	(9)	( 123 313 682)	( 68 187 651)
<b>Net profit before income tax</b>		<b>903 441 537</b>	<b>766 378 059</b>
Previous years tax differences		7 384 093	-
Current income tax	(33)	( 228 047 412)	( 226 962 845)
Dividends tax on investments		( 40 085 238)	-
Deferred tax	(26)	( 4 694 032)	( 13 026 096)
<b>Net profit for the year after tax</b>		<b>637 998 948</b>	<b>526 389 118</b>
<b>Distributed as follows</b>			
Parent Company's share in profit		637 721 335	526 196 634
Non-controlling interest		277 613	192 484
		<b>637 998 948</b>	<b>526 389 118</b>
<b>Earning per share for the year (L.E /share )</b>	(35)	<b>0.68</b>	<b>0.56</b>

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of comprehensive income**  
**For the financial year ended 31 December 2022**

	<b>Financial year ended 31/12/2022 L.E.</b>	<b>Financial year ended 31/12/2021 L.E.</b>
<b>Net profit for the year after tax</b>	<b>637 998 948</b>	<b>526 389 118</b>
<b>Total other comprehensive income</b>	<b>637 998 948</b>	<b>526 389 118</b>
<b>Distributed as follows</b>		
Parent Company's share in profit	637 721 335	526 196 634
Non-controlling interest	277 613	192 484
	<b>637 998 948</b>	<b>526 389 118</b>

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Juhayna Food Industries  
(An Egyptian Joint Stock Company)  
Consolidated statement of changes in equity  
For the financial year ended 31 December 2022

	Issued & paid up capital L.E	Legal reserve L.E	General reserve- issuance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Balance as at 1 January 2021	941 405 082	637 021 531	330 920 428	993 211 902	714 909	2 903 273 852
Dividends to shareholders	-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors	-	-	-	(72 921 096)	-	(72 921 096)
Dividends from subsidiaries to non-controlling interest	-	-	-	-	(144 574)	(144 574)
Holding Company's share in reserves & retained earnings of subsidiaries	-	51 857 495	-	(51 857 495)	-	-
Total other comprehensive income for the year ended 31 December 2021	-	-	-	526 196 634	192 484	526 389 118
Balance as at 31 December 2021	941 405 082	688 879 026	330 920 428	1 206 348 929	762 819	3 168 316 284
Balance as at 1 January 2022	941 405 082	688 879 026	330 920 428	1 206 348 929	762 819	3 168 316 284
Dividends to shareholders	-	-	-	(329 491 778)	-	(329 491 778)
Dividends to employees and board of directors	-	-	-	(65 945 272)	-	(65 945 272)
Dividends from subsidiaries to non-controlling interest	-	-	-	-	(146 010)	(146 010)
Holding Company's share in reserves & retained earnings of subsidiaries	-	30 266 763	-	(30 266 763)	-	-
Total other comprehensive income for the year ended 31 December 2022	-	-	-	637 721 335	277 613	637 998 948
Balance as at 31 December 2022	941 405 082	719 145 789	330 920 428	1 418 366 451	894 422	3 410 732 172

The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.



**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Consolidated interim statement of cash flows**  
**For the financial year ended 31 December 2022**

Translated from Arabic

	Note No.	Financial year ended 31/12/2022	Financial year ended 31/12/2021
<b>Cash flows from operating activities</b>			
Net profit for the period before income tax and minority interest sl		903 441 537	766 378 059
<b>Adjustments for:</b>			
PPE depreciation	(12)	301 215 747	298 553 535
Capital loss (gain)	(8)	739 999	1 154 821
Amortization of asset right of use (lands)		8 272	8 272
Amortization of animal wealth	(15)	30 466 088	30 080 248
Amortization of plant wealth (productive)	(14-1)	( 17 916 520)	539 464
Dry period capitalization		( 199 225)	
Changes in investments under joint control (equity)	(11)	( 1 809 250)	( 645 136)
Impairment of Fixed assets & projects under construction		(6 254 825)	503 366
Impairment of accounts receivable			11 917 800
Amortization of right of use asset	(29)	13 920 698	14 765 235
Right of use asset interest	(29)	5 607 128	4 398 912
Impairment of inventory no longer required		-	1 331 557
Provision for claims formed	(23)	44 700 416	36 656 195
Herd birth		( 17 834 500)	( 16 133 111)
Herd capitalization	(15)	( 59 574 426)	( 58 183 714)
Loss from selling and death of animal wealth	(8)	23 854 054	8 296 528
Foreign currencies exchange differences	(9)	51 509 327	(1 158 376)
Credit interests	(9)	( 32 096 244)	(20 226 267)
Finance interests & expenses	(9)	98 293 471	85 173 382
		<u>1 338 071 748</u>	<u>1 163 410 770</u>
<b>Changes in:</b>			
Inventories	(17)	( 846 247 280)	(6 628 872)
Biological assets- Exiting Agriculture		( 9 587 038)	1 670 557
Changes in held for sale		( 335 069)	1 004 119
Trade and other receivables	(18)	( 312 103 192)	(107 774 727)
Due from related parties	(32-1)	( 557 004)	( 2 966)
Creditors & other credit balances	(24)	600 703 706	64 139 830
Dividends paid to employeee		( 65 943 677)	(72 921 096)
Income tax paid		( 227 919 133)	(239 642 813)
Sales tax on capital goods -paid		( 184 852)	(17 725 999)
Provisions claims used		( 35 989 931)	(17 432 154)
<b>Net cash flows from operating activities</b>		<u>439 908 278</u>	<u>768 096 649</u>
<b>Cash flows from investing activities</b>			
Acquisition of PPE & projects under construction	(12-13)	( 202 642 510)	(233 523 140)
Proceeds from sale of PPE		11 036 641	8 729 037
Proceeds from plant wealth unproductive	(14-15)	17 170 841	138 994
Payments to invest in vital assets		3 350 158	( 7 335 000)
Acquisition of plant wealth unproductive		-	(11 756 601)
Proceeds from the sale of plant and animal wealth		-	36 804 206
Proceeds from the compensation of calves death		4 271 181	6 446 734
<b>Net cash flows (used in) investing activities</b>		<u>(166 813 689)</u>	<u>(200 495 770)</u>
<b>Cash flows from financing activities</b>			
Proceeds from/ (payments for) overdraft & credit facili	(22)	434 691 568	(3 368 977)
(Payments for) financial lease contract liabilities	(29)	( 31 334 382)	(31 180 667)
(Payments for) Bank loans	(21)	( 199 483 703)	(198 789 704)
Collected credit interests		32 096 244	20 226 267
Finance interests & expenses paid		(98 293 471)	(85 173 382)
Dividends paid to shareholders		(517 772 795)	-
<b>Net cash flows (used in) financing activities</b>		<u>(380 096 540)</u>	<u>(298 286 463)</u>
<b>Change in cash &amp; cash equivalents during the period</b>		<u>(107 001 951)</u>	<u>269 314 416</u>
<b>The effect of foreign exchange difference</b>	(9)	(51 509 327)	1 158 376
<b>Cash &amp; cash equivalents at 1 January</b>		<u>453 015 330</u>	<u>182 542 538</u>
<b>Cash &amp; cash equivalents at 31 December 2022</b>	(19)	<u>294 504 052</u>	<u>453 015 330</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there

**Juhayna Food Industries**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2022**

**1 Reporting the entity**

The Company was established in 1995 according to the Investment Law No. (230) of 1989 as replaced by the investment incentives and guarantees law No. (8) 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 50 years starting from the date of registration in the commercial registry.

The address of the Company's registered office is building no.2 Polygon Sodiq West, Sheikh Zayed Giza.

The factory address: 6<sup>th</sup> Oct. city the industrial zone No. 1, plot No. 39, 40.

Mr. Ahmed Elwakil is the Chairman of the Board of Directors.

The Company is considered a holding Company.

**The Company's purpose**

The Company primarily is involved in producing, manufacturing, packaging and packing of all types of dairy products and all its derivatives, all types of cheese, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

**Registration in the Stock Exchange**

The Company is listed in the Egyptian Stock Exchanges.

**2 Basis of preparation**

**2-1 Statement of compliance with laws and regulation**

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.

The financial statements were authorized for issue by the Board of Directors on 29 March 2023.

**2-2 Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops are measured at fair value less cost to sell unless the fair value cannot be reliably measured (Note 4-2).
- The methods used to measure fair values are discussed further in note (4).

**2-3 Functional and presentation currency**

These consolidated financial statements are presented in Egyptian pound, which is the Company's functional currency.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

## **2-4 Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Accounting policy no (3-10): lease classification.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the future financial statements are included in the following notes:

- Note (18): Trade and notes receivable.
- Note (23): provisions & contingent liabilities
- Note (26): deferred tax.
- Note (4-2): biological assets

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except as mentioned in note (3-24) .

### **3-1 Basis of consolidation**

#### **Subsidiaries**

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Transactions eliminated on consolidation**

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### **3-2 Foreign currency**

#### **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. In general currency gain or loss are recognized in the profit and loss statement.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

### **3-3 Investment under joint control**

Companies under joint control are companies that exercise joint control over an investee. Joint control is in place when decisions on main activities require the unanimous consent of the controlling parties. Investments under joint control entities are presented in the consolidated financial statements using the equity method so that initial recognition is recognized at cost including costs associated with the acquisition and the subsequent measurement in the consolidated financial statements increases or decreases the carrying amount of the investment by the Group's share of profit or loss.

### **3-4 Financial instruments**

#### **3-4-1 Financial assets**

Starting from January 1, 2020, the Group has early adopted the Egyptian Accounting Standard no. 47.

##### **A. Classification:**

Starting from January 1, 2020, the Group classified its financial assets into the following measurement categories:

- financial assets at fair value through profit or loss or through other comprehensive income, and
- financial assets measured at amortized cost.

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

For financial assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for sale, this will depend on whether the Group has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value thorough other comprehensive income.

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

##### **B. Recognition and derecognition:**

The normal way of buying and selling financial assets, on the trade date, which is the date on which the Group has a commitment to buy or sell the financial asset. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred.

##### **C. Measurement:**

On initial recognition, the Group measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.

Embedded financial assets are considered entirely embedded derivatives when determining whether their cash flows are solely payments of principal and interest.



Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

### **Debt instruments:**

The measurement of debt instruments depends on the company's business for managing the asset and characteristics of cash flow of the asset, there are three measurement categories by which the Group classifies debt instruments:

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.

- **Fair value through other comprehensive income:** Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the cash flows of assets represent only payment of original amount and interest, are measured at fair value through other comprehensive income. Changes in carrying amount are taken into other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expenses). Interest income from these financial assets is included in financing income using the interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.

- **Fair value through profit or loss:** Assets that do not meet the criteria for depreciated cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented under other income / (expenses) in the period in which they arise. Impairment expenses as a separate item in the statement of profit or losses.

### **Equity instruments**

The Group subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income/(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

#### **d- Impairment:**

The Group assesses the expected credit losses associated with the investment in debt instruments, which are carried at amortized cost and fair value through other comprehensive income. Where the applied impairment methodology depends on whether there is a significant deterioration in the credit risk of customers, the Group applies the simplified approach allowed by Egyptian Accounting Standard no. 47, which requires recognizing expected losses over the life of the initial recognition of customers.

#### **Financial derivatives**

When needed, the Group companies enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Derivatives are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

### **3-4-2 Financial liabilities and equity instruments issued by the Group**

#### **Classification as debt or equity**

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement at the date of issuance of these instruments.

#### **Equity instruments**

Equity instruments represent any contract that gives the Group the right to the net assets of an entity after deducting all of its obligations.

Equity instruments issued by the Group are recorded at the value of the proceeds received or the net value of the assets transferred, deduct the costs of issuance directly attributable to the transaction.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities (at fair value through profit or loss) or other financial liabilities.

#### **Other financial liabilities**

The Group has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

### **3-4-3 De-recognition of financial instruments from books**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### **Non-derivative financial assets**

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non – derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

#### **Non-derivative financial liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Company classifies non – derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are recognised initially at the fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Juhayna Food Industries Company (S.A.E.)  
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Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Generally, trade payables are recorded at their nominal value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### **3-5 Intangible assets and goodwill**

#### **Recognition & Measurement**

##### **Goodwill**

Goodwill arises from acquisition of subsidiaries. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed. Goodwill is not amortized.

### **3-6 Property, plant and equipment**

#### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (note 12).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

##### **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

##### **Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

<b>Description</b>	<b>Estimated useful life (Years)</b>
Buildings & Constructions	13.3- 50
Machinery & Equipment	More than -13



Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	More than -10
Empty plastic containers & pallets	5
Computers	3.33-5
Wells	25 or Wells use full life

Depreciation commences when the fixed asset is completed and made available for use. Depreciation method useful life and residual value are reviewed at each date and adjusted as appropriate.

### 3-7 Projects under construction

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses (note no. 13). No depreciation is charged until the project is completed and transferred to fixed asset.

### 3-8 Government grants

Government grants related to assets – including non-monetary grants recorded at fair value presented in financial statements as deferred income (grants considered deferred income and recorded in income statement according to regular systematic basis over the estimated useful lives of assets).

### 3-9 Plant wealth

This item represents the amounts spent for cultivation of fruit trees which were recognized as noncurrent assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as noncurrent assets (plant wealth) and will be depreciated over (25-50) years respectively according to the nature of those assets.

### 3-10 Lease Contracts

#### Operating lease contracts

The group assess whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the group has the right to direct the use of the asset.

The group recognize right of use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement in a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the group uses an incremental borrowing rate specific to the country, term, and currency of the contract. Lease payments can include fixed payments; variable payment that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

At inception, the ROU asset comprises, the initial lease liability, initial direct costs, and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator for impairment, as for owned assets.

- **Finance leases contracts (sale and lease back):**

If an entity (the lessee) transfers an asset to another entity (the lessor) and re-leases the asset, the entity must determine whether the asset is being accounted for as a sale transaction on that asset or not.

- **In case the transfer of the asset is not a sale transaction**

The lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

**3-11 Inventories**

Inventories of raw materials, supplies, packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the cost of last process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

**3-12 Transactions with related parties:**

The company records all transactions with the related parties in the context of their regular accounting and as per the conditions established by the board of directors, applying the same principles for dealing with others.

**3-13 Impairment**

**Non –derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3-14 Defined contribution plans**

The Company contributes to the government social insurance system for the benefits of its personnel in accordance with the social insurance Law No. 79 of 1975 and its amendments. Under this Law the employees and the employers contribute into the system on a fixed percentage – of-salaries basis. The Company's contributions are recognized in income statement using the accrual basis of accounting. The company's obligation in respect of employees' pensions is confined to the amount of contributions.

### **3-15 Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### **3-16 Revenue**

#### **Sales of goods**

Revenue for sale of goods is recognized based on the transaction price of the received or receivable payment. The transaction price is determined considering returns, trade discounts and volume rebates. Revenue is recognized in the income statement when pervasive evidence exists of the settlement of contractual performance obligation by transfer of goods to the customer. Pervasive evidence usually exists in the form of an executed sales agreement. Settlement of the performance obligation has pervasively occurred when control over the goods has been transferred to the customer, associated costs and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

Discounts are recognized as a reduction of revenues when they will probably be granted, and the discounts amount can be measured reliably. When discounts granted over past performance obligations, a provision is recognized in the balance sheet. In case a discount will be granted over future performance obligations, a contract liability will be recognized.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

**Export subsidy revenue**

The company recognize export subsidy according to its quota in the export sales invoices claimed and accepted by the relevant authority.

**3-17 Rental income**

Rental income from other assets is recognized in other income.

**3-18 Finance income and finance costs**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**3-19 Income tax**

**Current tax**

Current tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3-20 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets & biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.



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Notes to the consolidated financial statements for the financial year ended 31 December 2022

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

### 3-21 Legal reserve

According to the Companies Law requirements and the statutes of the Company, 5% of the annual net profit shall be transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

### 3-22 End of service benefits

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntary according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.

If the benefit is payable for a period of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

### 3-23 Segmentation reporting

A segment is a group of associated assets and processes that are characterized by risks and rewards that differ from those of other segments or within a same economic environment with risks and rewards that are related to other segments operating in a different economic environment. All the operating results of the operating segments are reviewed regularly by the Group's business leaders (chief operating decision maker), where the Group makes decisions about the resources allocated to the segments and assesses their performance, which provides detailed financial information

The group has 5 operational segments, which represent segments for which financial reporting is provided to high management. These reports present different products and services and are managed separately because they require different technology and marketing strategies. the operation of each sector is reported below

<b>Segmentation reports</b>	<b>Operations</b>
Dairy sector	Manufacture and sell dairy products & its derivatives
Cooling sector	Manufacture cooled dairy products
Juice sector	Manufacture and sell various products of juice
Concentrate sector	Manufacture and sell fruit concentrates
Agriculture sector	Produce agriculture crops

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

#### 4 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### 4-1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

##### 4-2 Biological assets

Biological assets are measured by fair value less cost to sell unless the fair value cannot be measured reliably.

If the fair value cannot be measured reliable, the biological assets acquired during the Financial Year are presented according to their cost at the date of acquisition Also biological assets which are internally grown are presented at cost of breeding or growth until commercial production (called the increase in the value of the biological assets), less accumulated depreciation and accumulated impairment loss, If any. The cost of small bio-assets is determined by the cost of breeding or growth according to the age group. These young ones are also not consumed. The biological assets are depreciated on a straight-line basis to their estimated residual values over periods, as summarized below.

Cows	4 years
Orange trees	35 years

#### 5 Other operating income

	31/12/2022	31/12/2021
	L.E	L.E
Export subsidy revenue	60 627 040	27 590 745
Capital gain	739 999	-
Increase in biological wealth due to newborn	17 834 500	1 861 031
Gains from assets held for sale	22 444 906	-
Fixed Assets write-down (Reverse)	4 460 625	-
Income from leasing assets (under the group control)	3 932 297	300 000
Other income	12 376 277	11 796 516
	<u>122 415 644</u>	<u>41 548 292</u>

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

**6 Selling and marketing expenses**

	<b>2022</b>	<b>2021</b>
	<b>L.E</b>	<b>L.E</b>
Advertising expenses	667 851 105	571 945 872
Salaries and wages	354 833 389	310 538 424
Depreciation	62 264 284	63 174 367
Vehicles expenses	115 585 354	78 135 736
Shipping & export expenses	98 353 786	102 044 628
Replacements of sold good	119 931 464	98 334 412
Rents	11 027 787	13 310 377
Temporary labor contractors	40 505 848	32 528 265
Others	74 616 062	70 269 170
	<b><u>1 544 969 079</u></b>	<b><u>1 340 271 251</u></b>

**7 General and administrative expenses**

	<b>2022</b>	<b>2021</b>
	<b>L.E</b>	<b>L.E</b>
Salaries and wages	122 812 446	117 148 846
Depreciation expense	21 661 100	18 670 789
Rent expense	14 265 873	14 121 361
Subscription fees and licenses	37 454 668	38 410 278
End of service expenses	13 868 474	16 653 864
BOD bonus (32-2)	3 265 000	1 875 000
Other administrative expenses	73 075 831	65 403 180
	<b><u>286 403 392</u></b>	<b><u>272 283 318</u></b>

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

### 8 Other expenses

	<b>2022</b>	<b>2021</b>
	<b>L.E</b>	<b>L.E</b>
Impairment in trade and other receivables	13 140 483	11 917 800
Inventory write-down (Reverse)	11 710 676	1 331 557
Impairment in Fixed assets and Project under construction	-	503 366
Donations	8 636 428	10 493 317
Capital losses	-	1 154 821
Real estate tax	620 622	2 786 696
Provision for Claims	44 714 413	36 656 195
solidarity insurance	54 274 512	41 367 220
Loss from selling and death of animal wealth	23 854 054	8 296 529
Other	14 551 643	7 636 361
	<u><b>171 502 831</b></u>	<u><b>122 143 862</b></u>

### 9 Net finance (expense)

	<b>2022</b>	<b>2021</b>
	<b>L.E</b>	<b>L.E</b>
Interest expense	(103 900 600)	(89 572 294)
Interest income	32 096 244	20 226 267
Losses/Gain from foreign currency exchange	(51 509 326)	1 158 376
	<u><b>(123 313 682)</b></u>	<u><b>(68 187 651)</b></u>

10 Segmentation reports

10-1 Segmentation reports for the financial year ended 31 December 2022

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries. Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentat as follows:

	Activity Segments							Elimination of consolidated transactions L.E 31/12/2022	Total L.E 31/12/2022
	Activity Segments								
	Dairy sector L.E 31/12/2022	chilled sector L.E 31/12/2022	Juices sector L.E 31/12/2022	Concentrates sector L.E 31/12/2022	Agriculture sector L.E 31/12/2022	Undistributed items L.E 31/12/2022			
Net Sales	6 081 909 977	2 748 267 937	1 912 976 206	368 996 874	21 368 518	230 440 658	-	11 363 960 170	
Sales between segments	5 194 371 132	2 382 731 102	1 692 748 491	335 491 322	526 721 820	-	(10 132 063 867)	-	
Other operating income	37 666 964	17 102 068	9 748 125	52 820 536	8 162 552	(1 275 351)	-	124 224 895	
Expenses	(803 055 306)	(937 962 708)	(341 130 138)	(25 156 660)	( 603 821)	(18 280 353)	-	(2 126 188 986)	
<b>Other Information</b>									
Depreciation	118 005 880	88 619 186	56 538 365	26 160 956	10 547 085	1 344 275	-	301 215 747	
Assets	2 494 266 920	1 577 526 062	1 147 468 911	777 957 542	257 488 483	114 578 953	-	6 369 286 871	
Liabilities	1 325 112 797	683 856 677	562 327 382	366 241 322	21 016 521	-	-	2 958 554 699	

\* The Group operates in one geographical sector - Arab Republic of Egypt - Operating revenues primarily result from activities related to the food industry.

Juhayna Food Industries  
Notes to the consolidated financial statements for the financial year ended 31 December 2021

Translation from Arabic

10 Segmentation reports

10-1 Segmentation reports for the financial year ended 31 December 2021

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries. Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segment as follows:

	Activity Segments						Elimination of consolidated transactions L.E 31/12/2021	Total L.E 31/12/2021
	Dairy sector L.E 31/12/2021	chilled sector L.E 31/12/2021	Juices sector L.E 31/12/2021	Concentrates sector L.E 31/12/2021	Agriculture sector L.E 31/12/2021	Undistributed items L.E 31/12/2021		
Net Sales	4 345 848 113	2 382 575 294	1 616 413 127	185 013 902	32 229 547	243 894 269	8 805 974 252	
Sales between segments	4 010 597 691	1 770 843 004	1 456 008 259	308 130 623	142 614		(7 545 722 191)	
Other operating income	7 547 615	5 316 831	8 525 502	19 604 498	482 987	715 995	42 193 428	
Expenses	(595 380 724)	(829 405 586)	(325 235 388)	(20 795 719)	(7 412 876)	(24 655 789)	(1 802 886 082)	
<b>Other Information</b>								
Depreciation	151 536 579	83 078 678	56 363 156	6 451 301	1 123 821		298 553 535	
Assets	1 608 536 939	1 484 901 834	944 825 508	490 675 108	818 596 832	112 212 699	5 459 748 920	
Liabilities	998 748 089	588 181 286	356 852 575	276 137 717	71 512 969		2 291 432 636	

\* The Group operates in one geographical sector - Arab Republic of Egypt - Operating revenues primarily result from activities related to the food industry.

## Notes to the consolidated interim financial statements for the financial year ended 31 December 2022

## 11 Investment under joint control (equity)

Name of the investee company	Share percentage %	Current assets		Non current assets		Total assets		Current liabilities		Total liabilities		Cost of investment	
		L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E		
Arju Company For food Industrial*	50.75%	18 667 277	-	18 667 277	1,741,184.00	1 741 184	16 926 093						
<b>Balance as of 31 December 2022</b>		<b>18 667 277</b>	<b>-</b>	<b>18 667 277</b>	<b>1 741 184</b>	<b>1 741 184</b>	<b>16 926 093</b>						
Arju Company For food Industrial	50.75%	16 383 950	-	16 383 950	1 267 107	1 267 107	15 116 843						
<b>Balance as at 31 December 2021</b>		<b>16 383 950</b>	<b>-</b>	<b>16 383 950</b>	<b>1 267 107</b>	<b>1 267 107</b>	<b>15 116 843</b>						



12. Property, plant and equipment

Transportation & transport vehicles

Description	Land		Buildings & Constructions		Machinery & Equipment		Transportation & transport vehicles		Tools		Empty plastic containers & Palettes		Display ref.'s		Wells		Office furniture & equipment		Computers		Total		
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	
Cost																							
Cost as at 1/1/2021	181,814,197	1,178,118,978	7,076,457,111	770,100,119	149,458,410	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	5,183,554,441
Additions of the year	777	11,000,000	144,700,000	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	320,232,661
Disposals of the year	(1,317,144)		(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(1,317,144)	(31,634,778)
Transfer of assets held for sale during the year																							4,024,565
Cost as of 31/12/2021	181,567,830	1,189,118,978	7,075,140,000	770,100,119	148,141,266	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	5,476,176,889
Additions during the year																							169,932,912
Disposals during the year																							(75,433,217)
Transfer of assets held for sale during the year																							
Cost as of 31/12/2022	181,567,830	1,189,118,978	7,075,140,000	770,100,119	148,141,266	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	5,570,676,584
Accumulated depreciation as at 1/1/2021																							2,009,800,942
Depreciation of the year																							298,553,535
Accumulated depreciation of disposals of the year																							(21,750,920)
Accumulated depreciation as of 31/12/2021																							2,286,603,557
Depreciation of the year																							301,215,747
Accumulated depreciation of disposals of the year																							(45,111,785)
Accumulated depreciation as of 31/12/2022																							2,542,707,519
Fixed assets impairment as of 31/12/2022																							(20,691,178)
Net book value as of 31/12/2021	180,250,696	1,178,118,978	7,074,822,856	768,782,975	146,824,122	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	3,007,277,888
Impairment of fixed assets 31/12/2021																							(24,784,005)
Net book value as of 31/12/2022	180,250,696	1,178,118,978	7,074,822,856	768,782,975	146,824,122	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	14,944,141	3,164,789,377

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

**13 Projects under constructions**

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Buildings and constructions in progress	12 179 201	6 657 139
Machineries under installation	56 662 054	24 998 166
Advance payments for purchase of fixed assets	43 780 203	41 818 946
Computer software	5 271 908	489 928
Transport Vehicles and Transportation in process	9 487 200	-
	<u><b>127 380 566</b></u>	<u><b>73 964 179</b></u>

**14 Plant wealth****14-1 Plant wealth - productive**

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Cost at the beginning of the year	28 614 074	18 487 577
Additions during the year	18 431 705	10 126 498
Cost at end of the year	<u><b>47 045 779</b></u>	<u><b>28 614 075</b></u>
<b>Less:</b>		
Accumulated depreciation at beginning of the year	(2 540 218)	(2 000 754)
Depreciation during the year	(515 184)	(539 464)
<b>Accumulated depreciation at end of the year</b>	<u><b>(3 055 402)</b></u>	<u><b>(2 540 218)</b></u>
<b>Net</b>	<u><b>43 990 377</b></u>	<u><b>26 073 857</b></u>

**14-2 Plant wealth – unproductive**

	<b>Fruits Tree</b>	<b>330 / 150 / 192 Projects acre</b>	<b>Palm project</b>	<b>Total</b>
<b>Balance at 01 January 2022</b>	3 486 346	20 118 330	74 352	23 679 028
Additions	-	12 181 970	385 859	12 567 829
Transferred productive plant wealth	-	(15 517 966)	-	15 517 966
classification	(3 431 274)	3 031 252	-	(400 022)
<b>Balance at end of the year</b>	<u><b>55 072</b></u>	<u><b>19 813 586</b></u>	<u><b>460 211</b></u>	<u><b>20 328 869</b></u>

**Juhayna Food Industries**

Notes to the consolidated financial statements for the financial year ended 31 December 2022

Translated from Arabic

**15- Biological wealth**

	biological wealth (Flock of dairy livestock - productive)		biological wealth (Flock of dairy livestock - unproductive)		Total	
	L.E		L.E		31/12/2022	31/12/2021
Amount of flock of livestock at the beginning of the year	182 862 778		69 566 890		252 429 668	245 014 973
<b>Adding:</b>						
Addition during the year	-		-		-	7 335 000
Transferred from biological wealth (Flock of dairy livestock - unproductive)	61 672 860		(61 672 860)		-	-
<b>* Births of flock</b>						
Female	-		10 793 000		10 793 000	10 076 111
Capital cost during drying-off	-		59 574 426		59 574 426	58 172 901
	<u>244 535 638</u>		<u>78 261 456</u>		<u>322 797 094</u>	<u>320 598 985</u>
Biological wealth sales	45 727 864		8 704 828		54 432 692	59 158 202
The death of live stock losses	5 153 485		2 022 302		7 175 787	9 011 116
<b>Cost of flock of livestock as of the end of the period</b>	<u>50 881 349</u>		<u>10 727 130</u>		<u>61 608 479</u>	<u>68 169 318</u>
<b>Accumulated depreciation</b>	<u>193 654 289</u>		<u>67 534 326</u>		<u>261 188 615</u>	<u>252 429 667</u>
Beginning of the year	61 116 111		-		56 235 249	48 846 990
Depreciation of the year	30 466 088		-		30 466 088	30 080 248
Accumulated depreciation of disposals of sales case	(20 763 911)		-		(20 763 911)	(20 293 031)
Accumulated depreciation of disposals of death case	(2 220 896)		-		(2 220 896)	(2 398 960)
Accumulated depreciation as of end year	<u>63 716 530</u>		<u>-</u>		<u>63 716 530</u>	<u>56 235 247</u>
<b>Net amount of flock of livestock as of end period</b>	<u>129 937 759</u>		<u>67 534 326</u>		<u>197 472 085</u>	<u>196 194 420</u>

\* Culls of flocks are measured at fair value deducted by selling costs. Any increase or decrease in fair value under book value is recognized at financial statement date in the income statement.

\*\* The company management measure the flocks of dairy livestock at cost because an active market to rely on to determine the fair value is unavailable.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

## **16 Tax status**

### **16-1 Holding Company**

#### **Corporate tax**

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and payments due over annual taxable profits.

#### **The period from the beginning of operation till year 2009**

The Company has been inspected and all tax inspection differences were paid.

#### **Years from 2010 till 2013**

The Company has been inspected and all tax inspection differences were paid.

#### **Years from 2014 till 2018**

The company received tax Forms (19) based on estimate tax inspection from the tax authority and the company was objected in due time.

#### **Year 2019 - 2021**

The Company submitted the annual tax return in the due date and was not requested for inspection.

#### **Payroll tax**

#### **The period from the beginning of operation till year 2019**

The tax inspection performed, and differences settled.

#### **Year 2020 - 2021**

Not asked for tax inspection

#### **Stamp tax**

#### **The period from the beginning of operation till 2018**

The tax inspection performed, and differences settled.

#### **Year 2019/2021**

Not asked for tax inspection

#### **Sales tax/ Value added tax**

The tax inspection performed, and the company settled differences till 31/12/2015.

The sales tax was replaced by value added tax by the issuance of the law no. 67 for year 2016 to be applied as of the day following its issuance date on 7 September 2016.

#### **Years 2016 till 2018**

The tax inspection is performed and and differences settled.

#### **Years 2019/2021**

Not asked for tax inspection

#### **Withholding tax**

The company remitted the amount that was deducted to tax authority on due dates.

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

## Subsidiaries

### First: Corporate tax

#### The Company that benefits from the corporate tax exemption

	<b>Tax exemption ending date</b>
Inmaa for agriculture development & biological wealth.	19/03/2021
Inmaa for Livestock.	02/11/2029

#### The Companies that are not exempted.

#### **Egyptian Companies for Food Industries: -**

Inspected from Beginning of its activity to 2012. 2013-2021 in processing.to inspection.

#### **Modern Company for Concentrates: -**

Inspected from Beginning of its activity to 2009 the objection was made in legal date to Council of State . Years 2010-2012 the objection was made in legal date. Years 2013–2019 not requested for inspection. Years 2020 – 2021 not requested for inspection and the Company submitted the annual tax return in the due date

#### **International Company for Food industries: -**

The tax departments inspected the subsidiary books of accounts for the year 2009 to 2014 in accordance with the reinspection memo dated 20/11/2019. The tax department revoked the tax exemption certificate issued by the General Authority for Investment (GAFI) to this subsidiary.

The tax department notified the subsidiary by the tax base (Form 19) for the tax years 2009 to 2014.

The group challenged the tax assessment before the tax department higher appeal committee in its dispute No. 850 /2022. The committee decided on the appeal on 30/8/2022 to revoke the aforementioned exemption and to claim corporate tax from the subsidiary for the tax years 2009 up to 2014 for an amount of L.E 61.5 million and additional tax of L.E 4.2 million. These amounts of taxes are due for payment to the tax Authority after the decision of the appeal committee.

The management has made an assessment, following legal and tax advice, that it is more likely than not that it will be successful in defending the lawsuit it brought against the tax department based on GAFI tax exemption certificates dated 23/12/2008 and 10/11/2009, in-addition to the certificate issued on 25/3/2021. The management challenges the tax department decision which disagree with article No 64 of the Investment law No. 8 for the year 1997 and the tax instructions by the tax department No 27 for the year 2007 and No 21 for the year 2015. These instructions stipulate the tax department commitment to the exemption decisions issued by GAFI as these exemptions are irrevocable with no requirement of further approvals. The company submitted its appeal to the primary court as of 3/11/2022. Therefore, the management concluded that there is no present obligation and has not recognized a provision in the financial statements.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

#### **Egyptian Company for Dairy Products**

The tax inspection performed and settled till 2004, years from 2005-2008 was not requested for inspection. Years from 2009-2012 was inspected and settled. 2013-2017 form 19 has been notified and the objection was made in legal date. Years 2018-2021 not requested for inspection and the Company submitted the annual tax return in the due date.

#### **Tiba for Trading and Distribution**

The company was not requested for inspection from beginning of its activity until 2008. Year 2009-2012 was inspected and settled. Years 2013-2018 the estimated inspection of the period and the objection was made, and a decision was issued to re-examine the actual and ongoing inspection. Years 2019-2021 the declarations were submitted on the legal date and not requested for inspection and the Company submitted the annual tax return in the due date.

#### **Al Marwa for Food Industries**

The company was inspected from the beginning of its operations and settled till 2005. Years 2006-2009 the objection for model 19 then years 2010-2013 the inspection inspected and settled. Years 2014-2018 form 19 has been received the objection on the legal date and years 2019-2021 in processing to inspection.

#### **Inmaa for Agriculture Development and Reclamation**

The company not inspected yet.

#### **Inmaa for Livestock**

The company not inspected yet.

### **Second: Salaries tax**

#### **Subsidiaries**

#### **Tax inspection ending date**

Egyptian Company for Dairy Products

- Inspection was performed from starting of activity till 2014 and tax settled.  
Years 2015/2016 inspection was performed, and tax settled  
Years 2017/2020 inspection was performed, and tax settled. years 2021 the Company submitted the quarter tax return in the due date.

Al-Marwa for Food industries

- Inspection was performed from starting activity till 2019 years 2020/2021 not inspected yet.

Tiba for Trading and Distributing

- Inspection was performed from starting of activity till 2015 and differences settled.  
Years 2016/2019 performed, and tax settled.  
Years 2020/2021 the Company submitted the quarter tax return in the due date.

International Company for Modern Food Industries

- Tax inspection was performed from start of activity till 2016 and tax settled  
Years 2017-2019 performed and tax settled.  
Years 2020/2021 the Company submitted the quarter tax return in the due date.

The Egyptian Company for Food Industries  
"Egyfood"

- Tax inspection was performed till 2018 and tax differences settled.  
Year 2019 / 2020 performed and tax settled

## Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

	Years 2021 the Company submitted the quarter tax return in the due date
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2018 and tax settled Years 2019 not inspected yet. Years 2020/2021 the Company submitted the quarter tax return in the due date
Inmaa for Agriculture Development Co. and Biological Wealth	- Tax inspection was performed and settled till 2010. Years 2011 – 2015 was inspected and settled. Years 2016/2019 waiting for inspection. Years 2020/2021 the Company submitted the quarter tax return in the due date
Inmaa for livestock	From the beginning of activity till 2016 was inspected and settled. Years 2017/2019 preparing for inspection. Years 2020/2021 the Company submitted the quarter tax return in the due date
Inmaa for agriculture	-From the beginning of activity till 2019 was inspected and settled Years 2020/2021 the Company submitted the quarter tax return in the due date
<b>Third: Stamp tax</b>	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2018. Years 2020/2021 preparing for inspection
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected the objection was made in legal date. Years 2020/2021 the Company submitted the quarter tax return in the due date
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected and waiting the documents. Years 2020/2021 the Company submitted the quarter tax return in the due date
International Company for Modern Food Industries	-Inspection has been performed and difference settled till 2018. Year 2019/2021 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	- From the beginning of activity till 2017 was inspected and settled



Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

	- Years 2018 – 2021 not inspected yet .
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018/2021 was inspected the objection was made in legal date.
Inmaa for agriculture	Years till 2019 was inspected and settled. Years 2020/2021 not inspected yet.
Inmaa for livestock	- Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
<b>Fourth: Value added tax (Sales tax)</b>	
Egyptian Company for Dairy Products	- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015 Years 2016/2019 inspected and settled. Years 2020/2021 not inspected yet.
Al-Marwa for Food Industries	- Inspected and difference settled 2015 Years 2016/2019 inspected and settled. Years 2020/2021 not inspected yet.
International Company for Modern Food Industries	-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 2017 Years 2018/2021 not inspected yet.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 2015. Years 2016/2019 inspected and settled. Years 2020/2021 not inspected yet.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 2014 and differences settled. Years 2015/2019 preparing for inspection. Years 2020/2021 not inspected yet.
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 2013, preparing for tax inspection till 2021.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

Inmaa for livestock	-The tax inspection was performed from 15/3/2012 till 31/8/2016 Years 1/09/2016 till /2021 not inspected yet.
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till August 2016 Years 1/09/2016 till /2021 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-The tax inspection performed till 2019 Years 2020/2021 not inspected yet.

## 17 Inventories

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Raw materials	514 750 127	159 043 597
Packaging and packing materials	486 448 453	165 116 180
Finished goods	561 486 453	410 768 122
Spare parts and miscellaneous supplies	96 617 666	82 524 155
Goods in transit - L/C's for goods purchase	66 210 669	61 814 034
	<b><u>1 725 513 368</u></b>	<b><u>879 266 088</u></b>

Juhayna Food Industries Company (S.A.E.)  
Notes to the consolidated financial statements for the financial year ended 31 December 2022

### 18 Trade and other receivables

	31/12/2022	31/12/2021
	L.E	L.E
Trade receivables	446 191 534	261 483 258
<b>Less: Expected credit losses</b>	<b>(42 638 430)</b>	<b>(16 111 442)</b>
	<b><u>403 553 104</u></b>	<b><u>245 371 816</u></b>
Note receivables	2 229 862	6 437 500
Suppliers – advance payments	63 794 691	44 990 987
Prepaid expenses	8 453 413	10 794 098
Export subsidy*	67 088 638	32 402 723
Tax Authority	152 910 732	80 672 197
Customs Authority	9 986 809	3 672 003
Deposits with others	22 793 771	10 600 734
Debtors- sales of PP&E	34 274 181	37 010 000
Other debit balances	8 642 244	12 001 848
	<b><u>773 727 445</u></b>	<b><u>483 953 906</u></b>
<b>Less: Impairment in other debit balances</b>	<b>(5 603 304)</b>	<b>(27 932 957)</b>
	<b><u>768 124 141</u></b>	<b><u>456 020 949</u></b>

\* The collection occurred during the year ended 31 December 2022 is L.E 19 190 116 after deducting bank commissions and governmental fees and L.E 24 883 529 during 2021. The company continues to collect the outstanding balance with the Export Development Fund.

### 19 Cash at bank and on hand

	31/12/2022	31/12/2021
	L.E	L.E
Time deposits *	84 184 001	125 000 000
Banks – current accounts	182 419 778	311 777 184
Cash on hand	5 883 317	2 942 689
Cash in transit	22 016 956	13 295 457
Cash and cash equivalent in cash flow	<b><u>294 504 052</u></b>	<b><u>453 015 330</u></b>

\*The above-mentioned time deposits are with original maturity less than 3 months.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

**20 Share capital**

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid-up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082
<b>20-1 General reserve</b>		
The balance of general reserve is as follows: -		
Collected from issuance premium of 205 972 632 shares during the year 2010	999 379 210	999 379 210
<u>Less:</u>		
i. Nominal value of issued shares with a premium	(205 972 632)	(205 972 632)
ii. Issuance fees	(38 507 164)	(38 507 164)
iii. Legal reserve formed to reach 50 % of paid-up capital	(350 398 732)	(350 398 732)
iv. Difference between the nominal value and the cost of own shares cancelled on 5 February 2012.	(73 580 254)	(73 580 254)
<b>General reserve</b>	<b>330 920 428</b>	<b>330 920 428</b>

**21 Loans**

The long-term loans and short-term that are granted to the group companies are as follow:

	<b>Long term loans</b>		<b>Total</b>
	<b>Current portion</b>	<b>Non-current portion</b>	<b>L.E</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Commercial International Bank (CIB)	52 500 000	9 061 103	61 561 103
Attijariwafa Bank	23 194 343	57 953 017	81 147 360
HSBC bank	47 750 000	11 937 500	59 687 500
<b>Balance at 31/12/2022</b>	<b>123 444 343</b>	<b>78 951 620</b>	<b>202 395 963</b>
<b>Balance at 31/12/2021</b>	<b>139 519 750</b>	<b>262 359 916</b>	<b>401 879 666</b>

These loans are subject to variable interest rates and guaranteed by promissory notes and joint grantees.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

**22 Bank Credit facilities**

This balance amounted to L.E 707 922 331 at 31 December 2022 (against L.E 273 230 763 as at 31 December 2021), represents the drawn down portion of the L.E 1.683 billion (of the group) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with different collators from the group.

**23 Provision for claims**

Description	Balance at	Formed	No longer	Used during	Balance at
	01/01/2022	during the	require for	the year	31/12/2022
	L.E	year	the year	L.E	L.E
Provision for claims	70 078 923	59 975 701	(15 260 666)	(36 004 552)	78 789 406

**24 Creditors and other credit balances**

	31/12/2022	31/12/2021
	L.E	L.E
Suppliers	1 061 323 992	485 082 949
Notes Payables	1 250 000	750 000
Dividends payable*	41 965 398	227 157 853
Accrued expenses	111 627 404	88 013 429
PPE creditors	-	13 976 201
Tax authority	39 013 987	30 703 131
Deposits for others	3 452 962	2 216 322
Sales tax installments on the imported machineries and equipment (Note No. 25)	184 852	5 031 770
Social Insurance Authority	6 600 182	5 962 130
Due to health insurance	54 214 156	41 268 151
Advances from customers	14 924 486	13 053 931
Other credit balances	5 728 146	14 996 561
	<b>1 340 285 565</b>	<b>928 212 428</b>

\*Tax on Dividends

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated financial statements for the financial year ended 31 December 2022

**25 Other non-current liabilities**

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 2 027 820 as at 30/6/2022 (L.E 5 031 770 as at 31/12/2021) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	297 878	482 730
	<u>297 878</u>	<u>482 730</u>

**26 Deferred tax liabilities**

Deferred tax liability amounted to L.E 304 602 189 at 31/12/2022 representing net book value of taxable assets and liabilities, with LE 299 908 161 at 31/12/2021

**Deferred Tax (Lease Contracts)**

	<b>Balance</b>	<b>Balance</b>
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Deferred tax liability	(2 846 368)	(4 144 711)
Deferred tax asset	(4 761 510)	(1 463 103)
Deferred asset/ liability (Lease contracts)	<u>(7 607 878)</u>	<u>(5 607 814)</u>
Deferred tax liability from fixed assets	(296 994 311)	(294 300 347)
Total deferred tax liability	<u>(304 602 189)</u>	<u>(299 908 161)</u>

	<b>Balance on</b>	<b>Movement during</b>	<b>Balance on</b>
	<b>1/1/2022</b>	<b>the year</b>	<b>31/12/2022</b>
	<b>L.E</b>	<b>L.E</b>	<b>L.E</b>
Deferred tax liability	<u>299 908 161</u>	<u>4 694 028</u>	<u>304 602 189</u>

**27 Group companies**

The following sets out the subsidiaries of Juhayna Food Industries Company controlled by the Company as at 31/12/2022 and the investment under joint control which are shown together with their respective contribution percentage held as at the financial position date.

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Subsidiary Name	Contribution % 31/12/2022	Contribution % 31/12/2021	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Inmaa for Agriculture Development Co. and Livestock	99.994 %	99.994 %	Egypt
Inmaa for Livestock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
<b><u>Under joint control</u></b>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

## 28 Financial instruments

### Financial risk management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.



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### **Credit risk**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk

### **Trade and other receivables**

The Company distributes the credit risk on several customers who have strong and stable financial positions. Also, it deals with its customers through signed contracts and agreements, in addition the Company review the credit limits granted to customers on a regular basis as it gets sufficient guarantees from its customers.

### **Credit risk**

#### **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		31/12/2022	31/12/2021
		L.E	L.E
Trade and other receivables	(18)	529 684 548	328 479 929

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

Banks - credit facilities in a principal amount of L.E 864 531 241 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

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### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Carrying amount	Contractual cash flows
		L.E	L.E
Banks - credit facilities	(22)	707 922 331	434 691 568
Total loans	(21)	202 395 963	(199 483 703)
Operating lease – liabilities	(29)	111 182 440	(31 334 382)

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the management.

### Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the L.E. The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

### Foreign currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	USD	Euro
Trade and other receivables	9 500 192	112 975
Cash at banks and on hand	1 793 939	11 803
Creditors and other credit balances	(17 044 020)	(2 402 391)
<b>31 December 2022</b>	<b>(5 749 889)</b>	<b>(2 277 613)</b>
<b>31 December 2021</b>	<b>(3 473 602)</b>	<b>(869 664)</b>

The following significant exchange rates applied during the year:

	Average rate		Closing Rate	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
USD	19.76	15,74	24.76	15,75
Euro	20.67	18,54	26.35	17,84

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### Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, considering assets with exposure to changes in interest rates.

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of paid-up capital and retained earnings. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

	31/12/2022	31/12/2021
	L.E	L.E
Total liabilities	2 958 554 699	2 291 432 636
Less: cash at bank and on hand	(294 504 052)	(453 015 330)
<b>Net debt</b>	<b>2 664 050 647</b>	<b>1 838 417 306</b>
Total equity	3 410 732 172	3 168 316 284
<b>Net debt to equity ratio</b>	<b>78%</b>	<b>58%</b>

There were no changes in the company's approach to capital management during the year

## 29 Lease contracts

### 29-1 Liabilities arising from lease contracts

#### - Lease contracts (Sale and lease back)

On 23/3/2016 the Company signed a contract regarding a land lease (including the building built there on), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m<sup>2</sup>. The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Contract value		Contract year	Purchase value at end of contract	Quarterly Installment value
	Contractual value	Accrued interest			
	L.E	L.E			
Contract from 24/3/2016 to 23/3/2026	125 000 000	109 716 514	120	1	5 988 089

In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 on leasing contracts, the initial application date of this standard is the beginning of the annual reporting period in which the Finance Leasing Law No. 95 of 1995 was amended and the Financial Leasing and Factoring Law No. 176 For the year 2018, in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with IAS 20 (Accounting Standards and Standards for Financial Leasing Transactions).

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### Lease contract liabilities

	31/12/2022	31/12/2021
	L.E	L.E
Liabilities from lease contracts current portion	15 875 352	15 587 214
Liability from lease contracts non-current portion	41 354 955	56 302 682
	<u>57 230 307</u>	<u>71 889 896</u>

Lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	L.E	L.E	L.E	L.E
Liabilities for one year	15 875 352	15 587 214	8 077 004	5 628 812
Liabilities between 1-5 years	41 345 955	56 302 682	6 549 757	7 345 398

### 29-2 Operating Lease contracts liabilities

The group is renting buildings and stores and this rent is performed individually and each contract has its special terms, the contract period ranges from 1.5 to 10 years and some of these contracts has a term for extending the lease which provide more flexibility for the group

	31/12/2022	31/12/2021
	L.E	L.E
Buildings, Warehouses, and stores	85 118 957	85 039 122
Accumulated amortization during the ended year	(37 936 580)	(23 455 279)
<b>Net book value</b>	<u>47 182 377</u>	<u>61 583 843</u>

During the year ended 31 Dec 2022 the group has been charged by 5 748 043 L.E as an interest resulted from the renting contracts.

### Operating lease contract liability

	31/12/2022	31/12/2021
	L.E	L.E
Liabilities from lease contract-current portion	14 866 781	12 736 922
Liability from lease contract non-current portion	39 085 352	52 763 644
<b>Total</b>	<u>53 952 133</u>	<u>65 500 569</u>

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**Payment of lease contracts liabilities are as follows:**

	Liabilities in present value		Accrued interest	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	L.E	L.E	L.E	L.E
Liabilities for one year	14 866 781	12 736 922	4 800 404	5 810 498
Liabilities between 1-5 years	35 771 294	45 013 899	8 584 429	12 189 581
Liabilities more than 5 years	3 314 058	7 749 745	212 279	636 570

**30 Contingent Liabilities**

The Contingent Liabilities are represented in IDC'S during the year ended 31 December 2022 and due after the year end amounting L.E 79 611 953. The contingent liabilities related to group subsidiaries are disclosed in Note (16).

**31 Capital commitments**

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 117 499 980 on 31/12/2022.

**32 Related party transactions**

The related parties are represented in the Company's shareholders and companies in which they own directly or indirectly shares giving them significant influence or control over these companies.

The following is a summary of significant transactions concluded, during the year, between the Company and its related parties.

**32 -1 Due to related parties**

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		L.E	L.E	L.E	L.E
Arju Company for Food Industries	Current account	557 004	2 966	559 970	2 966
				<u>559 970</u>	<u>2 966</u>

**32-2 Board of Director's remuneration**

The total allowances received by the board of directors during the year amounted to LE 3 265 000 against L.E 1 875 000 during the year ended 31 December 2021.

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### 33 Income tax – current

	<b>Financial Year</b>	<b>Financial Year</b>
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
<b>Income tax at the beginning of the year</b>	180 249 503	192 929 560
Income tax expense	228 047 412	178 627 302
Investment tax on dividends	40 085 238	48 335 543
Taxes paid during the year	(227 919 133)	(239 642 902)
Accrued interest income on the tax advances	(7 384 093)	-
	<u>213 078 927</u>	<u>180 249 503</u>

### 34 Goodwill

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	<u>97 092 890</u>	<u>97 092 890</u>

### 35 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year after reducing dividends to employees and BOD as follows :

	<b>Financial year</b>	<b>Financial year</b>
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>L.E</b>	<b>L.E</b>
<b>Parent Company's share in profit</b>	637 721 335	526 196 634
Weighted average number of shares	941 405 082	941 405 082
<b>EPS (L.E/Share)</b>	<u>0.68</u>	<u>0,56</u>

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### **36 Important events:**

#### **1- Exchange rate**

The Central Bank of Egypt decided in its meeting held on October 27, 2022, to announce the application of the flexible exchange rate system for foreign exchange pricing, provided that the prices of buying and selling currencies in Egyptian pounds are determined based on supply and demand conditions, and accordingly, the exchange rate of the US dollar began to rise against the Egyptian pound, which led to its increase from 19.69 Egyptian pounds to about 23 Egyptian pounds on that date.

#### **2- New Publications and Amendments to Egyptian Accounting Standards**

On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending and reissuing some provisions of the Egyptian Accounting Standards, and the following is a summary of these amendments that may have an impact on the financial statements:

1- Egyptian Accounting Standard No. (10) amended 2023 "Fixed assets and their depreciation" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets". The amended standards include the option to apply revaluation model in the measurement of fixed assets and intangible assets.

2- Egyptian Accounting Standard No. (35) amended 2023 "Agriculture" This standard was reissued in 2023, where the paragraphs regarding the accounting treatment of productive plants were amended to be aligned with the amended treatment of fixed assets.

These amendments adoption date is for annual periods starting on or after 1 January 2023, with retroactive effects. The company's management is determining currently the impact of adopting their amendments on the company's financial statements.

In addition to applying the requirements of the Egyptian Accounting Standard No. (50) insurance contracts starting from the first of January 2023