

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim financial statements
For the financial period ended
30 June 2023
And review report**

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

For the financial period ended 30 June 2023

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Translation from Arabic

Report on Review of Separate Interim Financial Statements To the Board of Directors of Juhayna Food industries S.A.E

Introduction

We have performed a limited review for the accompanying separate interim statement of financial position of Juhayna Food Industries “An Egyptian Joint Stock Company”, as at 30 June 2023 and the related separate interim statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

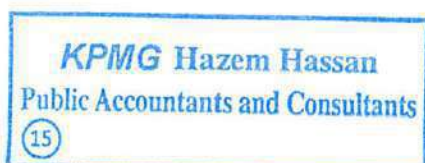
We conducted our review in accordance with the Egyptian Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A Limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company and applying analytical and other limited review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these separate interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly in all material respects, the separate financial position of the company as at 30 June 2023 and of its separate financial performance and its separate cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Samy Abdelhafez Ahmed Ibrahim
Financial Regulatory Authority Register No. (377)
KPMG Hazem Hassan

Cairo, 8 August 2023



Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of financial position
As of 30 June 2023

Translated from Arabic

| | Note no. | 30/06/2023 L.E | 31/12/2022 L.E |
|--|--------------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | (11) | 155 322 453 | 158 432 039 |
| Projects under construction | (13) | 24 885 500 | 9 812 699 |
| Investment in subsidiaries and under joint | (12-2)(12-1) | 2 253 491 193 | 2 253 491 193 |
| Paid on account of investment | (12-4) | 20 000 000 | 20 000 000 |
| Total non-current assets | | 2 453 699 146 | 2 441 735 931 |
| Current assets | | | |
| Debtors and other debit balances | (16) | 7 846 603 | 5 722 875 |
| Due from related parties | (2-24) | 371 162 905 | 565 187 191 |
| Cash at banks and on hand | (17) | 1 331 263 | 1 361 300 |
| Total current assets | | 380 340 771 | 572 271 366 |
| Total assets | | 2 834 039 917 | 3 014 007 297 |
| Equity | | | |
| Issued and paid up capital | (18) | 941 405 082 | 941 405 082 |
| Legal reserve | | 470 702 541 | 470 702 541 |
| General reserve - share issuance premium | (18-1) | 330 920 428 | 330 920 428 |
| Retained earnings | | 994 785 932 | 1 179 620 047 |
| Total equity | | 2 737 813 983 | 2 922 648 098 |
| Non-current liabilities | | | |
| Lease contract liabilities-non current portion | (23-1) | 32 659 376 | 41 354 955 |
| Deferred tax liabilities | (14-2) | 14 118 030 | 12 463 215 |
| Total non-current liabilities | | 46 777 406 | 53 818 170 |
| Current liabilities | | | |
| Provisions | (20) | 491 008 | 526 346 |
| Suppliers and other credit balances | (21) | 17 603 805 | 16 207 892 |
| Lease contract liabilities- current portion | (23-1) | 17 077 460 | 15 875 352 |
| Bank Credit facility | | 11 104 512 | - |
| Due to related party | (23-1) | 3 171 743 | - |
| Income tax liabilities | | - | 4 931 439 |
| Total current liabilities | | 49 448 528 | 37 541 029 |
| Total liabilities | | 96 225 934 | 91 359 199 |
| Total equity and liabilities | | 2 834 039 917 | 3 014 007 297 |

The notes from no. (1) to no.(25) are an integral part of these separate financial statements and should be read there to.

Finance Director
Hany shaker

Chief Financial Officer
Sameh Elhodaiby

Chairman
Ahmed Elwakil

Limited review report "attached"

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of profit or loss
For the financial period ended 30 June 2023

Translated from Arabic

| | Note no. | Financial period From 1/1/2023 To 30/6/2023 <u>L.E</u> | Financial period From 1/1/2022 To 30/6/2022 <u>L.E</u> | Financial period From 1/4/2023 To 30/6/2023 L.E | Financial period From 1/4/2022 To 30/6/2022 <u>L.E</u> |
|--|----------|---|---|--|---|
| Revenue from Investment in subsidiaries | (5) | - | 95 969 940 | - | 95 969 940 |
| Other revenues | (6) | 1 914 089 | 1 630 000 | 974 169 | 660 000 |
| General and administrative expenses | (7) | (2 249 305) | (2 241 770) | (720 762) | (843 364) |
| Other Operating expenses | (9) | (736 323) | (5 165 612) | (3 030) | (5 033 920) |
| Gain from operating activities | | (1 071 539) | 90 192 558 | 250 377 | 90 752 656 |
| Net finance income/ (expenses) | (10) | 315 761 | 10 973 | 499 061 | (189 771) |
| Net profit for the period before income tax | | (755 778) | 90 203 531 | 749 438 | 90 562 885 |
| Deferred tax | (14) | (1 654 815) | (1 390 217) | (545 554) | (1 390 217) |
| Income Tax | | - | (5 676 679) | - | (4 736 434) |
| Net profit for the period after tax | | (2 410 593) | 83 136 635 | 203 884 | 84 436 234 |
| Earning per share for the period (L.E /share) | (19) | (0.003) | 0.075 | - | 0.076 |

The notes from no. (1) to no.(25) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of other comprehensive income
For the financial period ended 30 June 2023

Translated from Arabic

| | Financial period From 1/1/2023 To 30/6/2023 L.E | Financial period From 1/1/2022 To 30/6/2022 L.E | Financial period From 1/4/2023 To 30/6/2023 L.E | Financial period From 1/4/2022 To 30/6/2022 L.E |
|--|--|--|--|--|
| Net profit for the period after tax | (2 410 593) | 83 136 635 | 203 884 | 84 436 234 |
| Total other comprehensive income for the period | (2 410 593) | 83 136 635 | 203 884 | 84 436 234 |

The notes from no. (1) to no.(25) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of changes in equity
For the financial period ended 30 June 2023

Translated from Arabic

| Note no. | Issued & paid up capital | | Legal Reserve | | General reserve-issuance premium | | Retained earnings | | Total |
|--|--------------------------|--|--------------------|--|----------------------------------|--|--------------------|------|----------------------|
| | L.E. | | L.E. | | L.E. | | L.E. | L.E. | |
| Balance as of 1 January 2022 | 941 405 082 | | 461 256 581 | | 330 920 428 | | 1222 373 835 | | 2 955 955 926 |
| Legal reserve formed | - | | 9 445 960 | | - | | (9 445 960) | | - |
| Dividends to shareholders | - | | - | | - | | (329 491 778) | | (329 491 778) |
| Dividends to employees and board of directors | - | | - | | - | | (65 943 664) | | (65 943 664) |
| Total other comprehensive income for the financial year 30 June 2022 | - | | - | | - | | 83 136 635 | | 83 136 635 |
| Balance as of 30 June 2022 | 941 405 082 | | 470 702 541 | | 330 920 428 | | 900 629 068 | | 2 643 657 119 |
| Balance as of 1 January 2023 | 941 405 082 | | 470 702 541 | | 330 920 428 | | 1 179 620 047 | | 2 922 648 098 |
| Dividends to shareholders | - | | - | | - | | (141 210 761) | | (141 210 761) |
| Dividends to employees and board of directors | - | | - | | - | | (41 212 761) | | (41 212 761) |
| Total other comprehensive income for the financial year 30 June 2022 | - | | - | | - | | (2 410 593) | | (2 410 593) |
| Balance as of 30 June 2023 | 941 405 082 | | 470 702 541 | | 330 920 428 | | 994 785 932 | | 2 737 813 983 |

The notes from no. (1) to no.(25) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Separate interim statement of cash flows
For the financial period ended 30 June 2023

Translated from Arabic

| | Note no. | From 01/1/2023 To 30/6/2023 L.E | From 01/1/2022 To 30/6/2022 L.E |
|--|-------------|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | | |
| Net profit for the period before income tax | | (755 778) | 90 203 531 |
| Adjustments: | | | |
| PPEdepreciation | (11) | 5 788 437 | 7 083 821 |
| Expected credit losses in due from related parties | | (308 989) | |
| Capital gain from sale of PPE | | - | (310 000) |
| Provisions formed | (20) | - | 5 160 714 |
| Right of use interest | (20) | 4 705 562 | 3 332 514 |
| Credit interests | (9) | (581 810) | (329 086) |
| Debit interests and financial expenses | | 276 115 | 21 306 |
| Forex loss | (9) | 265 687 | 324 082 |
| | | <u>9 389 224</u> | <u>105 486 882</u> |
| Changes in: | | | |
| Debtors and other debit balances | | (2 123 728) | (3 876 338) |
| Due from related parties | | 197 505 018 | (60 828 016) |
| Suppliers and other credit balances | | 1 395 913 | (6 571 115) |
| Provisions used | | (35 338) | (210 713) |
| Net cash flows resulted from used in operating activities | | <u>206 131 089</u> | <u>34 000 700</u> |
| Cash flows from investing activities | | | |
| Collected credit interests | | 581 810 | 329 086 |
| Finance interests and expenses paid | | (276 115) | (21 306) |
| Dividends paid to employees and the board of directors | | (41 212 761) | (37 211 450) |
| Income taxes paid | | (4 931 439) | (9 768 737) |
| Net cash flows resulted from used in investing activities | | <u>160 292 584</u> | <u>(12 671 707)</u> |
| Cash flows from investing activities | | | |
| Acquisition of PPE and projects under construction | | (17 751 652) | (4 439 091) |
| Proceeds from sale of PPE | | - | 310 000 |
| Net cash flows (used in) investing activities | | <u>(17 751 652)</u> | <u>(4 129 091)</u> |
| Cash flows from financing activities | | | |
| (Paid) from finance lease liability | | (12 199 033) | (10 673 884) |
| Dividends paid to shareholders | | (141 210 761) | (188 281 016) |
| Net cash flows (used in) financing activities | | <u>(153 409 794)</u> | <u>(198 954 900)</u> |
| Net change in cash and cash equivalents during the period | | (10 868 862) | (215 755 698) |
| Net Change in foreign currency | | (265 687) | (324 082) |
| Bank Credit facility | | 11 104 512 | - |
| Cash and cash equivalents at 1 Jan | | 1 361 300 | 216 508 274 |
| Cash and cash equivalents at 30 June 2023 | (17) | <u>1 331 263</u> | <u>428 494</u> |

The notes from no. (1) to no.(25) are an integral part of these separate financial statements and should be read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the separate financial statements
For the financial period ended 30 June 2023

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) of 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. The Company life 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- Sodic West- Sheikh Zayed, Giza. 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, all its derivatives, all types of cheeses, 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 in the (A)list.

2- Basis of preparation

a. Statement of compliance

- The financial statements have been prepared in accordance with Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.
- The financial statements were authorized for issuance by the Board of Directors on 30 May 2023

b. Basis of measurement

- The financial statements have been prepared on the historical cost basis except for the following material items in the financial position.
- Non-derivative financial liabilities at fair value.
- The methods are used to measure fair value are discussed further in (Note 4).

c. Functional and presentation currency

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

d. Use of estimates and judgments

- The preparation of financial statements in conformity with Egyptian Accounting Standards requires from management to make judgments, estimates and assumptions that affect the implementation of policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed continuously. Any modifications to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.
- Information about important estimates in applying accounting policies that have the most significant effect on the amounts which are recognised in the financial statements are presented in the following notes:
 - Accounting policy no (3-6): lease contract.

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

Notes to the separate interim financial position for the financial period ended 30 June 2023

- Note (15): Impairment of other debit balances.
- Note (19): Provisions
- Note (13): Deferred tax liabilities and assets

3- Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3-1 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.

3-2 Investments**3-2-1 Investments in subsidiary companies**

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

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, if no impairment loss had been recognized.

3-2-2 Investment under joint control

The companies under joint control are companies which the group has joint control on the investee company, the investments under joint control are carried in the balance sheet at cost, less any impairment in the value of individual investments which is charged to the income statement.

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, if no impairment loss had been recognized.

3-3 Financial instruments**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.

Notes to the separate interim financial position for the financial period ended 30 June 2023

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 at banks, on hands and 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. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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 at banks and on hand for the purpose of the statement of cash flows.

3-4 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.

Notes to the separate interim financial position for the financial period ended 30 June 2023

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 for the current and comparative years are as follows:

| Description | Estimated useful life (Years) |
|-------------------------------------|----------------------------------|
| Buildings & Constructions | 50 |
| Transportation & Transport Vehicles | 5 |
| Tools | 6-7 |
| Office equipment & Furniture | 10 |
| Computers | 3 |
| Machineries & equipment's | 10 |

Depreciation commences when the fixed asset is completed and made available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3-5 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 14). No depreciation is charged until the project is completed and transferred to fixed asset

3-6 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.

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.

Notes to the separate interim financial position for the financial period ended 30 June 2023

Finance lease contracts (sale and lease back):

- If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for as sales transaction or not.

In case of the transfer of asset that is not sale transaction:

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

3-7 Impairment in value**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.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than 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.

3-8 Advantages of Pensions

The company pays contributions to the General Authority for Social Insurance for the employees of the company, according to the Social Insurance Law No. (79) of 1975. According to this law, the employees and the company paid fixed subscriptions rate from the salary. The company is under no obligation to pay any further amounts for previous other than the value of the previous mentioned subscriptions.

3-9 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.

3-10 Revenue**Dividends revenue from subsidiaries**

Dividends revenue from subsidiaries is recognized when the holders of shares have the right to collect dividends. Dividends income received from investments is recognized in profit or loss on the date of collection

Rental income

Rental income from other assets is recognized in other income.

Notes to the separate interim financial position for the financial period ended 30 June 2023**3-11 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.

3-12 Income tax

Income tax on profit or loss for the year includes both current income tax and deferred tax.

Current income tax:

Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, 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 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.

3-13 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. The legal reserve is unable to distribute.

3-14 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 – to a formal detailed plan to either terminate the employment contract before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary leave) according to law (12) of 2003 and related Egyptian Laws and policies approved and declared by the company. If the benefit is payable for a year of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

3-15 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.

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

Notes to the separate interim financial position for the financial period ended 30 June 2023

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.

Financial asset values are determined at the current purchase prices of those assets, while the value of financial liabilities are determined at the current rates at which such liabilities can be settled.

In the absence of an active market to determine the fair value of financial instruments, fair value is estimated using the various valuation techniques, taking into consideration recent transaction prices, and guidance on the current fair value of other instruments that are substantially similar – discounted cash flow method or other valuation method which results in reliable values.

When using deductible cash flow method as a revaluation method, the future cash flows are estimated on the base of the best estimates for the management. The used discount rate is determined according to the price at reporting date for the same financial instruments of its nature and activities.

Wherever possible, additional disclosures about the assumptions used in determining fair value are disclosed in the notes to these assets and liabilities.

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 collected interest, discounted at the market rate of interest at the date of the financial statements.

5 Revenue from Investment in subsidiaries

| | Financial period from 1/1/2023 To 30/6/2023 L.E | Financial period from 1/1/2022 To 30/6/2022 L.E | Financial period From 1/4/2023 To 30/6/2023 L.E | Financial period From 1/4/2022 To 30/6/2022 L.E |
|---|---|---|---|---|
| Egyptian Company for Dairy Products | - | 44 995 500 | - | 44 995 500 |
| Egyptian Company for Food Industries (Egyfood) | - | 14 997 240 | - | 14 997 240 |
| Eldawlya For Modern Food Industries | - | 11 998 800 | - | 11 998 800 |
| Al-Marwa for Food Industries | - | 23 978 400 | - | 23 978 400 |
| | - | 95 969 940 | - | 95 969 940 |
| Less: Tax on revenue from investment in subsidiaries | - | (9 596 994) | - | (9 596 994) |

Notes to the separate interim financial position for the financial period ended 30 June 2023

6 - Other revenues

| | Financial period from 1/1/2023 To 30/6/2023 | Financial period from 1/1/2022 To 30/6/2022 | Financial period from 1/4/2023 To 30/6/2023 | Financial period from 1/4/2022 To 30/6/2022 |
|---|---|---|---|---|
| | L.E | L.E | L.E | L.E |
| Income from rental assets to subsidiaries | 1320 000 | 1 320 000 | 660 000 | 660 000 |
| Gain from sale of fixed assets | - | 310 000 | - | - |
| judicial refund | 275 272 | | 6 172 | |
| Allowance for inter company balances | 308 989 | - | 298 169 | - |
| Other | 9 828 | - | 9 828 | - |
| | <u>1 914 089</u> | <u>1 630 000</u> | <u>974 169</u> | <u>660 000</u> |

7- General and administrative expenses

| | Financial period from 1/1/2023 To 30/6/2023 | Financial period from 1/1/2022 To 30/6/2022 | Financial period from 1/4/2023 To 30/6/2023 | Financial period from 1/4/2022 To 30/6/2022 |
|----------------------------------|---|---|---|---|
| | L.E | L.E | L.E | L.E |
| Personnel expenses | 43 117 934 | 29 861 218 | 23 393 997 | 16 601 465 |
| Depreciation expenses | 5 788 437 | 7 083 820 | 2 877 166 | 3 604 346 |
| Subscription and licenses fees | 3 523 217 | 557 141 | 3 215 519 | 352 899 |
| Other administrative expenses | 8 420 933 | 8 835 624 | 1 321 876 | 5 263 913 |
| End of service | 188 689 | - | 82 729 | - |
| Expense charged to subsidiaries* | (58 789 905) | (44 096 033) | (30 170 525) | (24 979 259) |
| | <u>2 249 305</u> | <u>2 241 770</u> | <u>720 762</u> | <u>843 364</u> |

* The amount of L.E 58 789 905 of general and administrative expenses was deducted and charged to subsidiaries (note 24).

Notes to the separate interim financial position for the financial period ended 30 June 2023

8- Board of Directors remunerations

| | Financial period from 1/1/2023 To 30/6/2023 | Financial period from 1/1/2022 To 30/6/2022 | Financial period from 1/4/2023 To 30/6/2023 | Financial period from 1/4/2022 To 30/6/2022 |
|-----------------------------------|---|---|---|---|
| | L.E | L.E | L.E | L.E |
| Board of directors' remunerations | 585 000 | 555 000 | 195 000 | 240 000 |
| Expenses charged to subsidiaries* | (585 000) | (555 000) | (195 000) | (240 000) |
| | - | - | - | - |

* The amount of L.E 585 000 of board of directors' expenses was deducted and charged to subsidiaries (note 25).

9- Other operating expenses

| | Financial period from 1/1/2023 To 30/6/2023 | Financial period from 1/1/2022 To 30/6/2022 | Financial period from 1/4/2023 To 30/6/2023 | Financial period from 1/4/2022 To 30/6/2022 |
|-------------------------------|---|---|---|---|
| | L.E | L.E | L.E | L.E |
| Provisions for claims | | 5 160 714 | - | 5 032 197 |
| Property Tax expense | 730 880 | - | - | - |
| Health insurance contribution | 5 443 | 4 898 | 3 030 | 1 723 |
| | <u>736 323</u> | <u>5 165 612</u> | <u>3 030</u> | <u>5 033 920</u> |

10- Net finance income/ (expenses)

| | Financial period from 1/1/2023 To 30/6/2023 | Financial period from 1/1/2022 To 30/6/2022 | Financial period from 1/4/2023 To 30/6/2023 | Financial period from 1/4/2022 To 30/6/2022 |
|---|---|---|---|---|
| | L.E | L.E | L.E | L.E |
| Interest expense and income | (4 981 677) | (3 353 820) | (2 529 841) | (1 720 641) |
| Credit interest | 581 810 | 329 086 | 536 150 | 29 267 |
| Gain/ Loss from Foreign currency exchange | (265 687) | (324 082) | (36 727) | (225 007) |
| Expenses Charged to subsidiaries * | 4 981 315 | 3 359 789 | 2 529 479 | 1 726 610 |
| | <u>315 761</u> | <u>10 973</u> | <u>499 061</u> | <u>(189 771)</u> |

* The amount of L.E 4 981 315 of finance expenses was deducted and charged to subsidiaries (note 25)

Juhayna Food Industries

Notes to the separate interim financial statements for the financial period ended 30 June 2023

Translated from Arabic

11- Property, plant, and equipment

| Description | Lands | Buildings & constructions | Buildings and constructions result | Machineryes & equipments | Transportation & transport vehicles | Tools | Office furnitures & equipments | Computers | Total |
|---|------------|---------------------------|------------------------------------|--------------------------|-------------------------------------|-----------|--------------------------------|------------|-------------|
| | L.E. | L.E. | L.E. | L.E. | L.E. | L.E. | L.E. | L.E. | L.E. |
| Cost as of 1/1/2022 | 11 870 738 | 111 706 795 | 44 387 809 | 1 160 409 | 4 840 543 | 4 493 409 | 5 877 807 | 90 632 215 | 274 969 716 |
| Additions during the year | - | - | - | - | 588 300 | 6 982 | - | 4 960 361 | 5 555 643 |
| Disposals during the year | - | - | - | - | (256 000) | - | (25 822) | - | (281 822) |
| Cost as of 31/12/2022 | 11 870 738 | 111 706 795 | 44 387 809 | 1 160 409 | 5 172 843 | 4 500 382 | 5 851 985 | 95 592 576 | 280 243 537 |
| Additions during the period | - | - | - | - | - | - | - | 2,678,851 | 2 678 851 |
| Cost as of 30/6/2023 | 11 870 738 | 111 706 795 | 44 387 809 | 1 160 409 | 5 172 843 | 4 500 382 | 5 851 985 | 98 271 427 | 282 922 388 |
| Accumulated depreciation as of 1/1/2022 | - | 9 252 519 | 12 428 586 | 1 160 409 | 4 219 502 | 4 410 736 | 3 817 371 | 72 537 419 | 107 826 542 |
| Depreciation for the year | - | 3 121 892 | - | - | 283 521 | 22 629 | 345 772 | 10 492 964 | 14 266 778 |
| Depreciation of disposals | - | - | - | - | (256 000) | - | (25 822) | - | (281 822) |
| Accumulated depreciation as of 31/12/2022 | - | 12 374 411 | 12 428 586 | 1 160 409 | 4 247 023 | 4 433 365 | 4 137 321 | 83 030 383 | 121 311 498 |
| Depreciation for the year | - | 1 560 946 | - | - | 161 370 | 11 452 | 172 156 | 3 882 512 | 5 788 437 |
| Accumulated depreciation as of 30/6/2023 | - | 13 935 357 | 12 428 586 | - | 4 408 393 | 4 444 817 | 4 309 477 | 86 912 895 | 127 599 535 |
| Net book value as of 30/6/2023 | 11 870 738 | 97 771 438 | 31 959 223 | 1 160 409 | 764 450 | 55 565 | 1 542 508 | 11 358 532 | 155 322 453 |
| Net book value as of 31/12/2022 | 11 870 738 | 99 332 384 | 31 959 223 | - | 925 820 | 67 017 | 1 714 664 | 12 562 193 | 158 432 039 |

* Land includes an amount of L.E 11 680 388 from finance lease contracts.

Juhayna Food Industries

Notes to the separate interim financial statements for the fiscal period ended 30 June 2023

Translated from Arabic

12- Investments

| Name of the investee company | Legal entity | Number of purchased shares | Participation percentage | Nominal value per share | Total Nominal value | Percentage paid | Total investment cost | | Impairment in the value of investment as at | | Net Investment | |
|---|--------------|----------------------------|--------------------------|-------------------------|---------------------|-----------------|-----------------------|-----------|---|-----------|----------------|---------------|
| | | | | | | | L.E. | % | 6/30/2023 | L.E. | 6/30/2023 | L.E. |
| (12-1) Investment in subsidiary companies | | | | | | | | | | | | |
| Egyptian Company for Dairy Products | SAE | 2 999 700 | 99.99 | 100 | 299 970 000 | 100 | 359 911 533 | - | 359 911 533 | - | 359 911 533 | 359 911 533 |
| International Company For Modern Food Industries | SAE | 4 999 500 | 99.99 | 100 | 499 950 000 | 100 | 499 950 000 | - | 499 950 000 | - | 499 950 000 | 499 950 000 |
| The Egyptian Company For Food Industries "Egyfood" | SAE | 499 908 | 99.98 | 1 000 | 499 908 000 | 80 | 386 893 852 | - | 386 893 852 | - | 386 893 852 | 386 893 852 |
| Tiba for Trading and Distribution | SAE | 1 998 000 | 99.90 | 100 | 199 800 000 | 100 | 199 800 000 | - | 199 800 000 | - | 199 800 000 | 199 800 000 |
| Al-Marwa for Food industries | SAE | 12 256 279 | 99.91 | 10 | 122 562 790 | 100 | 196 815 808 | - | 196 815 808 | - | 196 815 808 | 196 815 808 |
| Enmaa for Agriculture Development Co. and biological wealth | SAE | 6 499 700 | 99.995 | 100 | 649 970 000 | 100 | 599 970 000 | - | 599 970 000 | - | 599 970 000 | 599 970 000 |
| (12-2) Investment in under joint companies | | | | | | | | | | | | |
| Ajja For Food Industries** | SAE | 1 015 000 | 50.75 | 10 | 10 150 000 | 100 | 10 150 000 | - | 10 150 000 | - | 10 150 000 | 10 150 000 |
| Balance as at 30 June 2023 | | | | | 2 282 310 790 | | 2 253 491 193 | - | 2 253 491 193 | - | 2 253 491 193 | 2 253 491 193 |
| (12-3) Investments available for sale | | | | | | | | | | | | |
| Egyptian for Trading and Marketing | SAE | 1 000 | 0.54 | 100 | 100 000 | 100 | 100 000 | (100 000) | - | (100 000) | - | - |
| Balance as at 30 June 2023 | | | | | 100 000 | | 100 000 | (100 000) | - | (100 000) | - | - |
| (12-4) Paid on account of investment | | | | | | | | | | | | |
| Tiba for Trading and Distribution | SAE | 2 000 000 | 100 | 100 | 200 000 000 | 10 | 200 000 000 | - | 20 000 000 | - | 20 000 000 | 20 000 000 |
| Balance as at 30 June 2023 | | | | | 200 000 000 | | 200 000 000 | - | 20 000 000 | - | 20 000 000 | 20 000 000 |

* On November 30, 2021 the decision of the Juhayna Board of Directors, based on the request of Aria, to liquidate Argu and cancel the partnership between Argu and other companies

Notes to the separate interim financial position for the financial period ended 30 June 2023

12- Projects under construction

| | <u>30/6/2023</u> | <u>31/12/2022</u> |
|--------------------------|-------------------|-------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Software programs | 17 923 916 | 5 271 908 |
| Advance for fixed assets | 6 961 584 | 4 540 791 |
| | <u>24 885 500</u> | <u>9 812 699</u> |

13- Income tax expense Income tax expense for Period

| | Financial period from 1/1/2023 To 30/6/2023 L.E | Financial period from 1/1/2022 To 30/6/2022 L.E | Financial period from 1/4/2023 To 30/6/2023 L.E | Financial period from 1/4/2022 To 30/6/2022 L.E |
|---------------------------------|---|---|---|---|
| Dividends tax | - | (9 596 994) | | (9 596 994) |
| Deferred tax (expense) | (1 654 814) | (1 390 217) | (545 554) | (449 982) |
| Income tax during the period | | 3 920 315 | | 3 920 315 |
| | <u>(1 654 814)</u> | <u>(7 066 896)</u> | <u>(545 554)</u> | <u>(6 126 661)</u> |

14-1 Reconciliation of effective tax rate

| | Financial Period from 1/1/2023 To 30/6/2023 | Financial Period from 1/1/2022 To 30/6/2022 |
|---|--|--|
| Profit/ Loss for the period before income tax | (755 778) | 90 203 531 |
| Income tax using the Company's domestic tax rate (22.5%) | (170 050) | 20 295 794 |
| Non -taxable expenses | - | 1 161 160 |
| Tax on revenue exempted by law | - | (2 159 324) |
| Other adjustments | (1 484 764) | (19 297 630) |
| Dividends tax | - | 9 596 994 |
| Deferred tax | 1 654 814 | 1 390 217 |
| Income tax for previous year | - | (3 920 315) |
| Income Tax | <u>1 654 814</u> | <u>7 066 896</u> |
| Effective tax rate | <u>-</u> | <u>0.08</u> |

Notes to the separate interim financial position for the financial period ended 30 June 2023

13-2 Deferred tax liabilities

A- Deferred tax assets and liability arising from lease contract

| | <u>30/6/2023</u> | <u>31/12/2022</u> | |
|--|---------------------------|--|----------------------------|
| | <u>L.E</u> | <u>L.E</u> | |
| Deferred tax liabilities | (2 496 815) | (2 846 368) | |
| Deferred tax (liabilities) assets | (6 447 541) | (4 761 510) | |
| Net Deferred tax liability | (8 944 356) | (7 607 878) | |
| Deferred tax liability and assets | | | |
| Fixed Assets (Liabilities) | (5 173 674) | (4 855 337) | |
| Total deferred tax liability | (14 118 030) | (12 463 215) | |
| Deferred tax movement | | | |
| | Balance as of 1/1/2023 | Deferred tax (expense) for the financial period ended 30/6/2023 | Balance as of 30/6/2023 |
| | <u>L.E</u> | <u>L.E</u> | <u>L.E</u> |
| Total Deferred tax liability | 12 463 215 | 1 654 815 | 14 118 030 |

14-Tax status

1-15 Corporation tax

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and the tax paid according to the result of the company performance yearly.

The period from the beginning of operation till year 2018

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

Year 2019 till 2022

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

2-15 Payroll tax

The period from the beginning of operation till year 2020

The tax inspection is performed, differences are settled, and all tax inspection were paid.

Year 2021/2022

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

3-15 Stamp tax

The period from the beginning of operation till 2019

The tax inspection is performed, and all tax inspection were paid.

Year 2020/2022

The Company submitted the annual tax return in the due date and Examination is being prepared.

4-15 Sales tax / Value added tax

From 2013 to 2015

The tax inspection is performed, and all tax inspection were paid.

Year 2016/2018

The tax inspection is performed, and all tax inspection were paid.

Year 2019 to 2022

- 2 The monthly declarations are submitted on the legal dates in accordance with the law, and the examination has not been completed and Form 15 has been received, and the dispute is being resolved in the internal committee.

Notes to the separate interim financial position for the financial period ended 30 June 2023

5-15 Withholding tax

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

16 Debtors and Other debit balances

| | 30/6/2023 | 31/12/2022 |
|--|------------------|------------------|
| | L.E | L.E |
| Suppliers – advance payments | 1 419 215 | 254 336 |
| Prepaid expenses | 4 081 767 | 3 747 737 |
| Letter of guarantees margin | 25 398 | 25 398 |
| Deposits with others | 249 225 | 239 397 |
| Other debtors from the government | 1 367 244 | 1 367 244 |
| Other debit balances | 901 624 | 286 633 |
| | <u>473 044 8</u> | <u>5 920 745</u> |
| Less: Impairment in other debit balances | (197 870) | (197 870) |
| | <u>7 846 603</u> | <u>5 722 875</u> |

17 Cash at banks and on hand

| | 30/6/2023 | 31/12/2022 |
|--------------------------|------------------|------------------|
| | L.E | L.E |
| Banks – current accounts | 1 130 968 | 1 083 612 |
| Cash on hand | 200 295 | 170 732 |
| | <u>1 331 263</u> | <u>1 361 300</u> |

18 Capital**Authorized capital**

The Company's authorized capital amounts to L.E 5 Billion.

Issued and paid-up capital

The Company's issued and fully paid-up capital was amounted to L.E 941 405 082 (Nine hundred forty-one million and four hundred five thousand and eighty-two) divided into 941 405 082 (Nine hundred forty-one million and four hundred five thousand and eighty two) shares at par value L.E 1 each.

| | 30/6/2023 | 31/12/2022 |
|--|--------------------|--------------------|
| | L.E | L.E |
| 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) | <u>941 405 082</u> | <u>941 405 082</u> |

Notes to the separate interim financial position for the financial period ended 30 June 2023

18-1 General reserve - issuance premium

The balance of general reserve – issuance premium as follows: -

| | |
|--|------------------|
| Collected from issuance premium of 205 972 632 shares during the year 2010 | 999 379 210 |
| Less: | |
| i. Nominal value of issued shares with a premium | 205 972 632 |
| ii. Issuance fees | 38 507 164 |
| ii. Legal reserve formed to reach 50 % of paid up capital | 350 398 732 |
| iv. Difference between the nominal value and the cost of own shares cancelled on 5/2/2012. | 73 580 254 |
| General reserve balance | 330 0 428 |

| | Financial period from 1/1/2023 To 30/6/2023 L.E | Financial period from 1/1/2022 To 30/6/2022 L.E | Financial period from 1/4/2023 To 30/6/2023 L.E | Financial period from 1/4/2022 To 30/6/2022 L.E |
|---|---|---|---|---|
| Net profit/Loss for the period according to profit or loss statement | (2 410 593) | 83 136 635 | (1 087 757) | 84 436 236 |
| Less | | | | |
| Employees share | - | (8 313 664) | - | (8 443 623) |
| Board of directors | - | (3 741 149) | - | (3 799 631) |
| Net payable to shareholders | (2 410 593) | 71 081 822 | (1 087 757) | 72 192 980 |
| Weighted average to number of shares | 941 405 082 | 941 405 082 | 941 405 082 | 941 405 082 |
| EPS (L.E/Share) | (0.003) | 0.075 | (0.001) | 0.076 |
| 19 Earnings per share | | | | |

the profit 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 :

20 Provision

| Description | Balance on 1/1/2023 | Provision used | Balance on 30/6/2023 |
|-----------------------------|---------------------|-------------------|----------------------|
| | L.E | L.E | L.E |
| Provision for claims | 526 346 | (35 338) | 491 008 |

* The provisions represent the value of claims that can be estimated reliably related to the company's activities. The management reviews these provisions periodically and adjusts the amount of the provision according to the latest coordination of developments, discussions and agreements.

Notes to the separate interim financial position for the financial period ended 30 June 2023

21 Suppliers and other credit balances

| | 30/6/2023 | 31/12/2022 |
|----------------------------|-------------------|-------------------|
| | L.E | L.E |
| Suppliers | 6 228 538 | 5 256 557 |
| Accrued expenses | 7 902 966 | 7 806 737 |
| Taxes- Tax authority | 2 335 061 | 2 226 432 |
| Dividends payable | 13 984 | 13 969 |
| Accrued health insurance | 5 444 | 10 482 |
| Social Insurance Authority | 331 483 | 284 812 |
| Other credit balances | 786 329 | 608 903 |
| | 17 603 805 | 16 207 892 |

22- 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.

Notes to the separate interim financial position for the financial period ended 30 June 2023

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.

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:

| | Carrying amount | |
|----------------------------------|------------------------|-------------------|
| | <u>30/6/2023</u> | <u>31/12/2022</u> |
| | <u>L.E</u> | <u>L.E</u> |
| Debtors and other debit balances | 7 846 603 | 5 722 875 |
| Due from related parties | 371 162 905 | 565 187 191 |

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 sufficient 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 is keeping the following credit process:

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

| | Carrying amount | |
|-------------------------------------|------------------------|-------------------|
| | <u>30/6/2023</u> | <u>31/12/2022</u> |
| | <u>L.E</u> | <u>L.E</u> |
| Suppliers and other credit balances | 17 603 805 | 16 207 892 |
| lease contract liabilities | 49 736 836 | 57 230 307 |

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 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 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.

Notes to the separate interim financial position for the financial period ended 30 June 2023

Foreign currency risk**Exposure to currency risk**

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

| | USD | EURO |
|---------------------------|--------------|--------------|
| Cash at banks and on hand | 4 487 | 1 427 |
| 30 June 2023 | 4 487 | 1 427 |
| 31 December 2022 | 8 445 | 1 427 |

The following significant exchange rates applied during the year: The following significant exchange rates applied during the year:

| | Average rate | | Actual closing Rate | |
|------|------------------|-------------------|---------------------|-------------------|
| | <u>30/6/2023</u> | <u>31/12/2022</u> | <u>30/6/2023</u> | <u>31/12/2022</u> |
| USD | 30.77 | 19.76 | 30.93 | 24.76 |
| Euro | 33.31 | 20.67 | 33.77 | 26.35 |

sensitivity analysis

Any reasonably possible strengthening (weakness) of the EUR, USD or GBP/EGP 30 June by 10% would affect the measurement of financial instruments denominated in a foreign currency and affect equity and profit or loss in the amounts set out below. This analysis assumes that all other variables particularly interest rates remain constant and ignore any influence of expected sales and purchases.

| | 30 June 2023 |
|------|---------------------|
| | 10% Effect |
| USD | 13 881 |
| Euro | 4 819 |

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.

A reasonably possible change of 100 basis points in interest rates at the reporting date could increase (decrease) equity and profit or loss by the amounts described below. This analysis assumes that all other variables particularly foreign exchange rates remain constant.

The effect is in Egyptian pounds**30 June 2023**

Financial instruments that carry a variable interest rate

| | Profit or Loss | |
|--|---------------------|---------------------|
| | 100 points increase | 100 points decrease |
| | 55 500 | (55 500) |

31 December 2022

Financial instruments that carry a variable interest rate

Notes to the separate interim financial position for the financial period ended 30 June 2023

Capital management**Total liabilities**

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

| | <u>30/6/2023</u> | <u>31/12/2021</u> |
|---------------------------------|-------------------|-------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Total liabilities | 96 225 934 | 91 359 199 |
| Less: cash at banks and on hand | (1 331 263) | (1 361 300) |
| Net debt | 94 894 671 | 89 997 899 |
| Total equity | 2 737 813 983 | 2 922 648 098 |
| Net debt to equity ratio | % 3.5 | % 3.1 |

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

23 Financial lease contracts**Lease contracts (Sale and lease back)**

On 23/3/2016 the Company signed a contract with regard to a sale & lease back for a land (including the building built thereon), for land located on plot no. 21 of the Crazy Water's Corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

| Description | Lease value | | Lease period Months | Purchase value at end of contract L.E | Quarterly lease value rounded L.E |
|--|-----------------------------|----------------------------|------------------------|--|--|
| | Contractual value L.E | Accrued interest L.E | | | |
| Contract from 24/3/2016 To 25/12/2025 | 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 for leasing contracts, the initial application date for this standard is the beginning of the annual report period in which the financial leasing law No. 95 of 1995 and its amendments has been canceled and the law regulating financial leasing 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 Egyptian accounting standard no. (20) (Standards for Financial Leasing Transactions) which resulted in the following:
- The company made an agreement with Tiba For Trading and Distribution Company -Subsidiary company- with a percentage of 99,9% for leasing the administrative building of the subsidiary company with a monthly rental value with a total amount of L.E 1 320 000 during the financial period ended 30 June 2023 (An amount of L.E 1 320 000 during the period ended 30 June 2022).
- The finance interests of the lease contract amounted to L.E 4 705 562 during the financial period ended 30 June 2023.

Notes to the separate interim financial position for the financial period ended 30 June 2023

23-1 Loan (arising from lease contract)

| | 30/6/2023 | 31/12/2022 |
|---|--------------------------|--------------------------|
| | <u>L.E</u> | <u>L.E</u> |
| Liabilities from lease contract (current portion) | 17 077 460 | 15 875 352 |
| Long-term liability from lease contract (non-current portion) | 32 659 376 | 41 354 955 |
| Total | <u>49 736 836</u> | <u>57 230 307</u> |

Payment of lease contracts liabilities are as follows:

| | Loan principal | | Accrued interest | |
|-------------------------------|-----------------------|-------------------|-------------------------|-------------------|
| | 30/6/2023 | 31/12/2022 | 30/6/2023 | 31/12/2022 |
| | L.E | L.E | L.E | L.E |
| Liabilities for one year | 17 077 460 | 15 875 352 | 7 400 396 | 8 077 004 |
| Liabilities between 1-5 years | 32 659 376 | 41 354 955 | 4 057 407 | 6 549 757 |

24 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.

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

24-1 Executive wages & Salaries

| | 30/6/2023 | 30/6/2022 |
|------------------------------|------------------|------------------|
| | L.E | L.E |
| Salaries, wages & allowances | 585 000 | 555 000 |

*Classified with general and administrative expense (Note 6).

Notes to the separate interim financial position for the financial period ended 30 June 2023

24-2 Due from related parties

| | Nature of transaction | Total value of transactions | | Balance as of | |
|---|-----------------------|-----------------------------|---------------|---------------|-------------|
| | | 30/6/2023 | 31/12/2022 | 30/6/2023 | 31/12/2022 |
| | | L.E | L.E | L.E | L.E |
| Tiba For Trading and Distribution | Collections | 11 698 414 | (71 179 428) | 70 964 494 | 46 562 842 |
| | Dividends | - | 77 322 600 | | |
| | Leases Assets | | | | |
| | Dividends | 1 320 000 | | | |
| | Collection | | 2 640 000 | | |
| | Expense distribution | - | - | | |
| | | 11 383 238 | 18 617 888 | | |
| International Company for Modern Food Industries | Collections/Current | | 5 428 155 | | 51 907 116 |
| | Dividends | | 66 143 385 | | |
| | Dividends | | (97 190 280) | | |
| | Collection | | 12 534 962 | | |
| | Expense distribution | | | | |
| El Marwa For Food Industries | Current/collection | | (9 723 661) | 57 394 970 | 81 384 910 |
| | Dividends | (30 739 839) | 32 375 160 | | |
| | Expense distribution | 6 749 899 | 5 139 644 | | |
| | Dividend | - | 116 978 472 | | |
| EGY Food | Dividend's Collection | (103 480 956) | (180 866 714) | 1 415 759 | 102 977 097 |
| | Collections/current | (12 025 383) | (12 357 211) | | |
| | Expense distribution | 13 945 001 | 20 498 407 | | |
| | Current/collections | (56 951) | (37 931) | | |
| Enmaa For Agricultural Reclamation | | | | 221 | 57 172 |
| Enmaa For Agriculture Development and Biological Wealth | Current/collections | (962 500) | 419 797 | 225 896 868 | 226 859 368 |

Notes to the separate interim financial position for the financial period ended 30 June 2023

| | | | | | |
|-------------------------------------|-----------------------|--------------|---------------|--------------------|--------------------|
| Egyptian Company for Dairy Products | Collections | (33 192 352) | (37 815 433) | 5 188 231 | 46 056 023 |
| | Dividends | - | 78 742 125 | | |
| | Dividends collections | (38 246 175) | (131 386 860) | | |
| | Expense distribution | 30 570 735 | 49 917 159 | | |
| Enmaa For Livestock | Current | 218 177 | 598 919 | 9 999 842 | 9 781 665 |
| Arju for food industries | Current | 392 534 | 498 111 | 893 609 | 501 075 |
| | | | | 371 753 994 | 566 087 269 |
| Total | | | | (591 089) | (900 078) |
| ECL from related parties | | | | | |
| Net | | | | 371 162 905 | 565 187 191 |

24-3 Due to related parties

| Nature of transaction | Total value of transactions 30/6/2023 L.E | Balance as of | | |
|--|---|-------------------|------------------|-------------------|
| | | 31/12/2022 L.E | 30/6/2023 L.E | 31/12/2022 L.E |
| International Company for Modern Food Industries | Collections/Current | 6 649 869 | 3 171 743 | - |
| | Dividends | | | - |
| | Dividends Collection | 55 344 465 | | |
| | Expense distribution | (6 915 475) | | |
| Net | | | 3 171 743 | - |

Notes to the separate interim financial position for the financial period ended 30 June 2023

25 Distribution of the holding companies' expenses

According to the Board of Director meeting No. 276 held on May 24, 2022, the company will distribute its expenses to the following companies (The Egyptian Dairy Products, the Egyptian Food Industries "Egy Food", the International Food Industries, Tiba for Trading and Distribution, Al-Marwa Food Industries, the modern concentrates industry) according to the percentage of each company's contribution in the consolidated revenues.