

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
For the financial period ended
30 September 2023
And Review report**

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

For the financial period ended 30 September 2023

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Hazem Hassan

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Translation from Arabic

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

Scope of Limited Review

We conducted our review in accordance with 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 consolidated interim financial statements.

Conclusion

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

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.

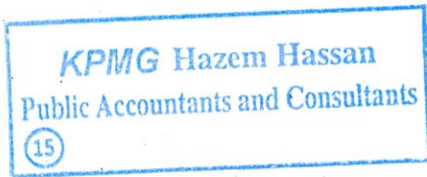


Hazem Hassan

The group has made an assessment, following legal advice, that it is more likely than not that it will be successful in defending its right in the lawsuit brought against the tax department appeal committee decision. 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 conclusion is not modified in respect of this matter.

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

Cairo, 1 November 2023



Juhayna Food Industries
(An Egyptian Jolat Stock Company)
Consolidated statement of financial position
As of 30 September 2023

Translated from Arabic

	Note No.	30/9/2023 L.E	31/12/2022 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 049 604 652	3 007 277 888
Projects under construction	(13)	231 582 025	127 380 566
Plant wealth - productive	(14-1)	42 975 141	43 990 377
Plant wealth - not productive	(14-2)	28 074 662	20 328 869
Biological wealth	(15)	222 037 427	197 472 085
Investments under joint control (equity)	(11)	16 997 728	16 926 093
Right of use assets	(29-2)	43 025 407	47 182 377
Goodwill	(34)	97 092 890	97 092 890
Other - long term asset		709 397	715 600
Non-current assets		3 732 099 329	3 588 366 745
Current assets			
Biological assets - Existing Agriculture		36 658 522	20 158 767
Biological assets - Feeding Sector		292 846	117 332
PPE held for sale		1 610 291	1 942 496
Inventories	(17)	2 418 861 336	1 725 513 368
Trade and other receivables	(18)	919 511 644	768 124 141
Due from related party	(32 -1)	1 423 984	559 970
Cash at banks and on hand	(19)	613 861 703	294 504 052
Current assets		3 992 220 326	2 810 920 126
Total assets		7 724 319 655	6 369 286 871
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		742 112 962	719 145 789
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		2 091 598 862	1 418 366 451
Total equity attributable to the shareholders of the parent company		4 106 037 334	3 409 837 750
Non-controlling interest		1 207 339	894 422
Total equity		4 107 244 673	3 410 732 172
Non-current liabilities			
Long - term loans	(21)	85 136 746	78 951 620
Lease contract liabilities - non current portion	(29)	65 229 417	80 440 307
Deferred tax liabilities	(26)	312 544 056	304 602 189
Other non current liabilities	(25)	-	297 878
Deferred revenue - non current portion	(36)	3 939 095	-
Non-current liabilities		466 849 314	464 291 994
Current liabilities			
Provisions	(23)	93 555 353	78 789 406
Bank credit facilities	(22)	694 739 443	707 922 331
Creditors and other credit balances	(24)	1 980 501 861	1 340 285 565
Income tax payable	(33)	251 731 093	213 078 927
Lease contract liabilities- current portion	(29)	37 525 866	30 742 133
Loans-current portion	(21)	85 825 005	123 444 343
Deferred revenue - current portion	(36)	6 347 047	-
Current liabilities		3 150 225 668	2 494 262 705
Total liabilities		3 617 074 982	2 958 554 699
Total equity and total liabilities		7 724 319 655	6 369 286 871

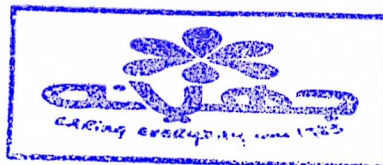
The notes from No.(1) to No.(36) are an integral part of these consolidated financial statements and should be read there to.

Associate Chief Financial Officer
Osama Eltaweel

Finance Director
Hany Shaker

Chairman
Ahmed Elwakil

Limited review report " attached "



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

Translated from Arabic

	Note No.	Financial period From 1/1/2023 To 30/9/2023 L.E.	Financial period From 1/1/2022 To 30/9/2022 L.E.	Financial period From 1/7/2023 To 30/9/2023 L.E.	Financial period From 1/7/2022 To 30/9/2022 L.E.
Net sales		11 653 837 664	8161 065 991	4 500 471 406	2996 498 775
Cost of sales		(8 653 878 707)	(6 065 610 065)	(3 428 355 739)	(2315 499 356)
Gross profit		2 999 958 957	2 095 455 926	1 072 115 667	680 999 419
Other operating income	(5)	124 788 930	91 892 069	53 074 137	32 160 831
Selling and Marketing expenses	(6)	(1 432 071 677)	(1 181 602 074)	(496 897 502)	(360 056 999)
General and administrative expenses	(7)	(251 041 389)	(220 601 456)	(78 906 699)	(67 310 592)
Other expenses	(8)	(121 694 549)	(118 099 347)	(55 757 030)	(58 124 992)
Results from operating activities		1 319 940 272	667 045 118	493 628 573	227 667 667
Share in profit of a company under joint control		71 634	656 080	(259 822)	168 157
Net finance (expense)	(9)	(177 916 854)	(43 663 076)	(49 517 683)	(19 093 193)
Loss on investment at FV through P/L		(14 237 684)	-	(14 237 684)	-
Net profit for the period before income tax		1 127 857 368	624 038 122	429 613 384	208 742 631
Previous years tax differences		-	7 420 127	-	7 420 127
Current income tax	(33)	(240 979 157)	(149 628 518)	(92 353 789)	(50 896 117)
Tax on dividends to the period		-	(9 596 994)	-	(9 596 994)
Deferred tax	(26)	(7 941 866)	1 853 994	(14 753 540)	(532 307)
Net profit for the period after tax		878 936 345	474 086 731	322 506 055	155 137 340
Distributed as follows					
Parent Company share in profit		878 623 107	473 861 743	322 502 998	155 013 049
Non-controlling interest		313 238	224 988	3 057	124 291
		878 936 345	474 086 731	322 506 055	155 137 340
Earning per share for the period (L.E /share)	(35)	0.93	0.50	0.34	0.16

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 period ended 30 September 2023

	Financial period From 1/1/2023 To 30/9/2023 L.E.	Financial period From 1/1/2022 To 30/9/2022 L.E.	Financial period From 1/7/2023 To 30/9/2023 L.E.	Financial period From 1/7/2022 To 30/9/2022 L.E.
Net profit for the period after tax	878 936 345	474 086 731	322 506 055	155 137 340
Total other comprehensive income	878 936 345	474 086 731	322 506 055	144 419 705
Distributed as follows				
Parent Company's share in profit	878 623 107	473 861 743	322 502 998	155 013 049
Non-controlling interest	313 238	224 988	3 057	124 291
	878 936 345	474 086 731	322 506 055	155 137 340

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

Jubayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated statement of changes in equity
For the financial period ended 30 September 2023

Translated from Arabic

	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 2022	941 405 082	688 879 026	330 920 428	1206 348 929	762 819	3168 316 284
Total other comprehensive income for the period ended 30 September 2022	-	-	-	473 861 741	224 986	474 086 727
Transaction with owners of the company						
Dividends to shareholders	-	-	-	(329 491 778)	-	(329 491 778)
Dividends to employees and board of directors	-	-	-	(65 943 664)	-	(65 943 664)
Holding Company's share in reserves of subsidiaries	-	18 580 981	-	(18 580 981)	-	-
Balance as at 30 September 2022	941 405 082	707 460 007	330 920 428	1 266 194 247	987 805	3 246 967 569
Balance as at 1 January 2023	941 405 082	719 145 789	330 920 428	1 418 366 451	894 422	3 410 732 172
Total other comprehensive income for the period ended 30 September 2023	-	-	-	878 623 107	313 238	878 936 345
Transaction with owners of the company						
Dividends to shareholders	-	-	-	(141 210 762)	-	(141 210 762)
Dividends to employees and board of directors	-	-	-	(41 212 761)	-	(41 212 761)
Holding Company's share in reserves of subsidiaries and other adjustment	-	22 967 173	-	(22 967 173)	(321)	(321)
Balance as at 30 September 2023	941 405 082	742 112 962	330 920 428	2 091 598 862	1 207 339	4 107 244 673

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 period ended 30 September 2023

Translated from Arabic

	Note No.	Financial period From 1/1/2023 To 30/9/2023	Financial period From 1/1/2022 To 30/9/2022
Cash flows from operating activities			
Net profit for the period before income tax and minority interest share in profits		1127 857 368	624 038 122
Adjustments for:			
PPE depreciation	(12)	215 107 974	229 901 501
Capital loss (gain)	(8)	-	(25 353 389)
Amortization of asset right of use (lands)		6 204	6 204
Increase of herd plant wealth		1 015 236	386 389
Amortization of plant wealth (productive)	(14-1)	24 048 598	22 918 412
Capitalized during the drying period		(75 337 438)	(26 637 255)
Changes in investments under joint control (equity)	(11)	(71 635)	(656 080)
Impairment of other debit balances		(1 001 809)	(4 615 095)
Amortization of right of use	(29)	10 585 912	10 475 315
Right of use interest	(29)	3 127 004	4 427 108
Provision for claims formed	(23)	24 327 674	45 404 239
Herd birth		(8 172 000)	(12 303 300)
Loss from selling and death of animal wealth	(15)	16 166 658	2 093 428
Investment Loss		14 237 684	-
Foreign currencies exchange differences	(9)	40 140 049	(3 592 501)
Credit interests	(9)	150 778 857	(23 422 419)
Finance interests & expenses	(9)	(13 002 053)	66 250 886
		1 529 814 282	909 321 565
Changes in:			
Inventories	(17)	(693 347 968)	(897 713 448)
Biological assets- Existing Agriculture		(16 499 755)	(22 686 303)
Changes in held for sale		332 205	505 064
Trade and other receivables	(18)	(151 387 507)	(196 610 935)
Due from related parties	(32-1)	(864 013)	(389 923)
Creditors & other credit balances	(24)	664 494 079	517 127 471
Dividends paid to employeee		(41 212 761)	(37 911 087)
Income tax paid		(202 327 026)	(195 628 998)
Sales tax on capital goods -paid		(186 314)	(73 283)
Used from provisions for claims		(9 561 530)	(31 962 210)
Net cash flows from (used in) operating activities		1079 253 693	43 977 913
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12-13)	(391 057 512)	(130 528 177)
Proceeds from sale of PPE		30 423 124	45 785 356
Proceeds from plant wealth unproductive	(14-15)	14 100 100	12 116 848
payment to plant wealth unproductive		(7 745 793)	(10 319 027)
Payments to invest in vital assets		(24 565 342)	-
Proceeds from the compensation of calves death		4 628 740	3 326 714
Paid for investment at F.V through P/L		(44 723 805)	-
Collected from investment at F.V through P/L		30 486 121	-
Net cash flows (used in) investing activities		(388 454 367)	(79 618 286)
Cash flows from financing activities			
Proceeds from credit facilities	(22)	(13 182 888)	591 300 478
(Payments for) financial lease contract liabilities	(29)	(17 983 102)	(22 643 653)
(Payments for) bank loans	(21)	(21 148 070)	(174 242 193)
Collected credit interests		(150 778 857)	23 422 419
Finance interests & expenses paid		13 002 053	(66 250 886)
Dividends paid to shareholders		(141 210 761)	(188 281 016)
Net cash flows (used in) from financing activities		(331 301 625)	163 305 149
Change in cash & cash equivalents during the period		359 497 700	127 664 776
The effect of foreign exchange difference	(9)	(40 140 049)	3 592 501
Cash & cash equivalents at 1 January		294 504 052	453 015 330
Cash & cash equivalents at 30 September	(19)	613 861 703	584 272 607

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)
Notes to the consolidated interim financial statements
For the financial period ended 30 September 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) 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 Sodic West, Sheikh Zayed Giza.

The factory address: 6th 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 1 November 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.

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

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): impairment of 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.

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

3-4 Financial instruments

3-4-1 Financial assets

The Group has adopted the Egyptian Accounting Standard no.47

A. Classification:

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 through 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.

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

- **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.

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.

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

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.

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.

Debtors

Debtors are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Generally, short-duration trade and other receivables with no stated interest rate are stated at their nominal value (original invoice amount) less an allowance for any doubtful debts.

Debtors comprise cash and cash equivalents, and trade and other receivables.

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

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

costs. After 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 and cash equivalents for the purpose of the statement of cash flows.

3-5 Intangible assets and goodwill

Recognition & Measurement

Goodwill

Goodwill arise 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.

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

The estimated useful lives are as follows:

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

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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.

– **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.

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.

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

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.

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.

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

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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:

Segmentation reports	Operations
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 in- addition to livestock farm that produce dairy product and sell to dairy sector

3-24 The new and adjusted accounting standard

There are amendments related to the issuance of Egyptian Accounting Standards 47, 48 and 49 and their data as follows:

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

Standard (47) Financial Instruments

- It includes an amendment to measure and classify financial instruments and apply the realized losses model in measuring the impairment of financial assets with expected credit loss models, which requires the measurement of impairment of all financial assets measured at amortized cost and financial instruments that are measured at fair value through other comprehensive income since the moment of the first recognition of those assets regardless. When there is an indication of a loss. The application of this standard does not result in significant effects on the measurement and classification of the company's financial assets. Also, the standard does not have an impact on the financial liabilities of the company.

Standard (48) revenue from contracts with Customer

- The basic principle of this standard is that the entity must recognize revenue in a manner that reflects the transfer of goods or the performance of promised services to customers in an amount that represents the consideration that the entity expects to be entitled to in exchange for those goods or services.

Standard 49 lease contracts

- The lessee recognizes the right of use of the leased asset within the company's assets and recognizes a liability, which represents the current value of unpaid lease payments within the company's obligations, with the exception of short-term leases (less than 12 months) and leases of insignificant values. The application of the standard resulted in an increase in the assets and liabilities of the company. The interests related to the lease contracts are included in the financing costs, as they are not included in the activity expenses.
- The Financial Regulatory Authority decided in its declaration on 12 April, 2020 to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the periodic (quarterly) financial statements that will be issued during the year 2020 that companies implement these standards and these amendments in the annual financial statements of these companies at the year end, also disclosing in the quarterly statement during the year 2020.

The prime minister decision number 1871 for the year 2020 dated 17 September 2020 included replacing first of January 2020 by first of January 2021 in the Egyptian accounting standards number 47, 48, and 49.

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

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

5 Other operating income

	Financial period From 1/1/2023 To 30/09/2023 L.E	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/7/2023 To 30/09/2023 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E
Export subsidy revenue	72 561 335	39 595 846	22 817 772	16 663 888
Capital gain	14 889 772	25 353 390	12 103 460	1 450 539
Increase in biological wealth due to newborn	13 280 500	12 303 300	4 503 000	6 609 035
Inventory write-down (Reverse)	-	541 730	-	541 730
Impairment of trade and other receivables (Reverse)	-	1 570 000	-	(37 431)
Income from the sale of scrap and waste	10 313 378	-	4 330 973	-
Fixed assets write-down (Reverse)	1 001 809	3 045 095	202 500	2 927 314
Income from leasing assets) under the company's control)	-	21 867	-	(128 133)
Government grant income	2 701 676	-	2 701 676	-
Other income	10 040 460	9 460 841	6 414 756	4 133 889
	124 788 930	91 892 069	53 074 137	32 160 831

6 Selling and marketing expenses

	Financial period From 1/1/2023 To 30/09/2023 L.E	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/7/2023 To 30/09/2023 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E
Advertising expenses	657 977 670	536 215 456	224 935 904	139 891 841
Salaries and wages	322 023 435	269 421 556	103 446 536	88 925 420
Cost of replaced items	118 741 809	83 061 837	44 549 687	83 061 837
Depreciation	44 781 573	37 072 296	14 657 515	5 571 303
Vehicles expenses	110 513 336	80 925 679	40 076 522	30 655 395
Shipping & export expenses	68 742 904	69 387 041	28 226 296	19 475 431
Rent	8 067 242	18 375 928	2 288 173	12 773 005
Temporary labor contractors	35 894 216	30 762 029	14 190 617	11 909 155
Others	65 329 492	56 380 252	24 526 252	(32 206 388)
	1 432 071 677	1 181 602 074	496 897 502	360 056 999

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

7 General and administrative expenses

	Financial period From 1/1/2023 To 30/09/2023 L.E	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/7/2023 To 30/09/2023 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E
Salaries and wages	119 075 069	122 812 446	39 312 087	60 450 509
Depreciation expense	12 919 582	9 827 682	4 504 321	(3 982 308)
Rent expense	12 888 175	10 642 821	4 624 151	4 534 825
Subscription fees and licenses	28 337 495	30 072 463	10 486 834	8 885 886
Repair and maintenance expenses	9 420 791	-	3 307 749	-
End of service expenses	17 257 903	15 513 233	334 315	399 085
BOD bonus (32-2)	1 760 000	1 775 000	555 000	870 000
Other administrative expenses	49 382 374	29 957 811	15 782 242	(3 847 405)
	251 041 389	220 601 456	78 906 699	67 310 592

8 Other expenses

	Financial period From 1/1/2023 To 30/09/2023 L.E	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/7/2023 To 30/09/2023 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E
Donations	8 654 595	6 532 549	2 960 010	2 249 784
Impairment in trade and other receivables	(5 454 888)	-	27 615	-
Real estate tax	3 717 702	402 851	2 745 809	(428 831)
Custom Claims	26 970 613	45 404 239	14 917 604	26 940 491
Health insurance	55 925 384	38 617 036	22 139 334	14 076 643
Loss from selling and death of animal wealth	16 166 658	2 093 428	6 818 812	1 591 373
Impairment of fixed assets	895 503	-	(2 075 508)	-
Impairment of inventory	101 906	-	101 906	-
Costs of cows sold not capitalized	-	13 936 151	-	6 957 637
Others	14 717 076	11 113 093	8 121 448	6 737 895
	121 694 549	118 099 347	55 757 030	58 124 992

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9 Net finance expense

	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/1/2022 To 30/09/2022 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E	Financial period From 1/7/2022 To 30/09/2022 L.E
Interest expense	(150 778 858)	(70 677 995)	(50 075 603)	(26 148 897)
Interest income	13 002 053	23 422 419	5 007 887	10 551 325
Net Gain (loss) from foreign currency exchange	(40 140 049)	3 592 500	(4 449 967)	(3 495 621)
	<u>(177 916 854)</u>	<u>(43 663 076)</u>	<u>(49 517 683)</u>	<u>(19 093 193)</u>

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 30 September 2023

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 30/09/2023	Total L.E 30/09/2023
	Dairy sector L.E 30/09/2023	chilled sector L.E 30/09/2023	Juices sector L.E 30/09/2023	Concentrates sector L.E 30/09/2023	Agriculture sector L.E 30/09/2023	Undistributed items L.E 30/09/2023		
Net Sales	6 049 289 314	2 617 519 990	1 930 876 139	805 300 750	28 302 283	222 549 188	11 653 837 664	
Sales between segments	5 798 919 367	2 014 341 349	1 773 888 026	171 320 957	649 547 155	-	(10 408 016 854)	
Other operating income	35 176 481	8 837 637	9 141 170	68 008 356	3 393 917	231 369	124 788 930	
Expenses	(585 149 918)	(861 838 771)	(297 521 630)	(46 261 818)	(2 443 899)	(11 591 579)	(1 804 807 615)	
Other Information								
Depreciation	69 608 725	70 128 305	35 961 166	16 684 543	21 648 441	1 076 793	215 107 974	
Assets	3 073 012 537	1 805 492 200	1 604 956 928	871 129 962	254 213 429	115 514 600	7 724 319 655	
Liabilities	1 660 808 339	698 184 233	899 318 903	337 991 667	20 771 841	-	3 617 074 982	

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

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 30 September 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 30/9/2022	Total L.E 30/9/2022
	Dairy sector L.E 30/9/2022	chilled sector L.E 30/9/2022	Juices sector L.E 30/9/2022	Concentrates sector L.E 30/9/2022	Agriculture sector L.E 30/9/2022	Undistributed items L.E 30/9/2022		
Net Sales	4 175 354 511	2 126 514 659	1 418 863 270	243 772 441	17 332 280	179 228 830	8 161 065 991	
Sales between segments	3 731 602 295	1 580 871 773	1 219 837 783	264 774 430	355 508 214	-	7 152 594 495	
Other operating income	24 149 656	20 585 698	10 860 582	35 885 063	126 072	284 998	91 892 069	
Expenses	(548 543 680)	(722 458 700)	(254 137 887)	(25 823 334)	1 619 101	(14 621 453)	(1 563 965 953)	
Other Information								
Depreciation	87 923 235	67 397 408	45 662 776	19 686 085	8 134 256	1 097 741	229 901 501	
Assets	2 521 286 520	1 718 187 698	1 240 493 501	705 521 674	269 201 634	146 825 456	6 601 516 483	
Liabilities	1 534 745 502	833 134 123	587 067 310	360 054 453	18 060 036	21 487 490	3 354 548 914	

* 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 period ended 30 September 2023

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	L.E	L.E
Arju Company For food Industrial*	50.75%	18 907 369	-	-	18 907 369	1 909 642	18 907 369	1 909 642	1 909 642	1 909 642	16 997 728		
Balance as of 30 September 2023		18 907 369	-	-	18 907 369	1 909 642	18 907 369	1 909 642	1 909 642	1 909 642	16 997 728		
Arju Company For food Industrial	50.75%	18 667 277	-	-	18 667 277	1 741 184	18 667 277	1 741 184	1 741 184	1 741 184	16 926 093		
Balance as at 31 December 2022		18 667 277	-	-	18 667 277	1 741 184	18 667 277	1 741 184	1 741 184	1 741 184	16 926 093		

Juhayna Food Industries

Notes to the consolidated financial statements for the financial period ended 30 September 2023

12. Property, plant and equipment

Transportation & transport vehicles

Translation from Arabic

Description	Land		Buildings & Constructions		Machinery & Equipment		Transportation & transport vehicles		Tools		Empty plastic containers & Palettes		Display refg.'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 as at 1/1/2022	183 500 802	1649 357 443	2714 596 383	371 618 473	161 427 637	72 100 035	97 584 532	39 789 600	35 421 050	150 780 934	5476 176 889											
Additions of the year	-	10 074 454	89 084 831	5 599 198	19 666 262	17 037 300	-	-	22 054 710	6 416 157	169 932 912											
Disposals of the year	-	(3 842 360)	(47 688 134)	(16 791 495)	(372 611)	(5 378 362)	(1 224 473)	-	(63 366)	(72 416)	(75 932 217)											
Cost as of 31/12/2022	183 500 802	1 655 589 537	2 755 993 080	360 426 176	180 721 288	83 758 973	96 360 059	39 789 600	57 412 394	157 124 675	5 570 676 584											
Additions during the period	-	8 085 766	228 612 668	19 579 271	9 348 232	13 467 520	96 360 059	-	13 467 520	7 211 547	286 856 053											
Disposals during the period	-	(359 132)	(58 612 983)	(780 262)	(763 103)	(10 039 819)	(780 262)	-	(10 292)	(37 732)	(70 603 322)											
Cost as of 30/9/2023	183 500 802	1 663 316 171	2 925 992 765	380 005 447	189 306 417	87 186 674	95 579 797	39 789 600	57 953 150	164 298 490	5 786 929 315											
Accumulated depreciation as at 1/1/2022	-	277 530 700	1 416 681 084	201 088 781	100 117 853	47 236 545	79 992 997	12 767 634	23 997 973	127 189 990	2 286 603 557											
Depreciation of the year	-	41 155 870	176 743 469	31 178 137	13 895 944	13 970 086	4 202 958	1 489 635	4 068 112	14 511 536	301 215 747											
Accumulated depreciation of disposals of the year	-	(584 433)	(21 979 146)	(15 533 570)	(279 707)	(5 378 363)	(1 224 473)	-	(59 894)	(72 199)	(45 111 785)											
Accumulated depreciation as of 31/12/2022	-	318 102 137	1 571 445 407	216 733 348	113 734 090	55 828 268	82 971 482	14 257 269	28 006 191	141 629 327	2 582 707 519											
Depreciation of the period	-	31 254 959	125 728 451	22 117 731	10 412 659	10 628 518	3 152 028	1 117 226	3 496 156	7 200 246	215 107 974											
Accumulated depreciation of disposals of the period	-	(107 060)	(30 274 680)	-	(758 133)	(9 905 472)	(780 262)	-	(8 753)	(37 732)	(41 872 092)											
Accumulated depreciation as of 30/9/2023	-	349 250 036	1 666 899 178	238 851 079	123 388 616	56 551 315	85 343 248	15 374 495	31 493 594	148 791 841	2 715 943 401											
Fixed assets impairment as of 30/9/2023	10 265 314	4 407 389	6 478 631	-	-	-	-	-	-	-	-											
Net book value as of 30/9/2023	193 766 116	1 318 479 524	1 265 572 218	141 154 369	65 917 802	30 635 360	10 236 549	24 645 034	26 459 556	15 506 649	3 049 604 652											
Impairment of fixed assets 31/12/2022	(10 354 591)	(132 189)	(9 974 467)	-	-	-	-	-	-	-	-											
Net book value as of 31/12/2022	173 146 211	1 337 355 211	1 174 573 206	143 892 828	66 987 198	27 930 705	13 388 577	25 302 400	29 406 203	15 495 348	3 007 277 888											

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

13 Projects under construction

	30/9/2023	31/12/2022
	L.E	L.E
Buildings and constructions in progress	62 243 112	12 179 201
Machineries under installation	46 179 237	56 662 054
Advance payments for purchase of fixed assets	80 557 331	43 780 203
Computer software	28 571 453	5 271 908
Transport vehicles under preparation	14 801 755	9 487 200
	<u>232 352 888</u>	<u>127 380 566</u>
Less	(770 863)	-
Impairment	<u>231 582 025</u>	<u>127 380 566</u>

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

	30/9/2023	31/12/2022
	L.E	L.E
Cost at the beginning of the period	47 045 779	28 614 074
Additions during the period	-	18 431 705
Cost at end of the period	<u>47 045 779</u>	<u>47 045 779</u>
Less:		
Accumulated depreciation at beginning of the period	(3 055 402)	(2 540 218)
Depreciation during the period	(1 015 236)	(515 184)
Accumulated depreciation at end of the period	<u>(4 070 638)</u>	<u>(3 055 402)</u>
Net	<u>42 975 141</u>	<u>43 990 377</u>

14-2 Plant wealth – unproductive

	330 / 150 / 192	Palm project	Total
	Projects acre		
Balance on 01 January 2023	19 813 586	515 283	20 328 869
Additions	7 700 089	45 704	7 745 793
Balance at end of the period	<u>27 513 675</u>	<u>560 987</u>	<u>28 074 662</u>

Juhayna Food Industries

Notes to the consolidated financial statements for the financial period ended 30 September 2023

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.		30/09/2023	31/12/2022
Amount of flock of livestock at the beginning of the year	193 654 289		67 534 324		261 188 613	252 429 668
Adding:						
Addition during the year	-		-		-	-
Transferred from biological wealth (Flock of dairy livestock - unproductive)	43 944 454		(43 944 454)		-	-
* Births of flock						
Female	1 622 305		8 172 000		8 172 000	10 793 000
Capital cost during drying -off	239 221 048		105 477 003		344 698 051	322 797 094
Biological wealth sales	35 871 428		8 926 374		44 797 802	54 432 692
The death of live stock losses	4 184 136		3 102 419		7 286 555	7 175 787
Cost of flock of livestock as of the end of the period	40 055 564		12 028 793		52 084 357	61 608 479
Accumulated depreciation	199 165 484		93 448 210		292 613 694	261 188 615
Beginning of the year	63 716 528		-		63 716 528	56 235 249
Depreciation of the year	24 048 598		-		24 048 598	30 466 088
Accumulated depreciation of disposals of sales case	(15 296 369)		-		(15 296 369)	(20 763 911)
Accumulated depreciation of disposals of death case	(1 892 490)		-		(1 892 490)	(2 220 896)
Accumulated depreciation as of end year	70 576 267		-		70 576 267	63 716 530
Net amount of flock of livestock as of end period	128 589 217		93 448 210		222 037 427	197 472 085

* Calfs 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.

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 objected in due time.

Year 2019 - 2022

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 2020

The tax inspection performed, and differences settled.

Year 2021 - 2022

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

Stamp tax

The period from the beginning of operation till 2018

The tax inspection performed, and differences settled.

Year 2019/2020

The tax inspection performed, and differences settled.

Year 2021/2022

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

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 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 2019/2020

The tax inspection performed, and differences settled.

Year 2021/2022

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

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 interim financial statements for the financial period ended 30 September 2023

Subsidiaries

First: Corporate tax

The Company that benefits from the corporate tax exemption

Tax exemption ending date

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. (Tax years 2013-2021 processed to inspection.)

Years 2020-2022 was not requested for inspection yet

Modern Company for Concentrates: -

Inspected from beginning of its activity to 2009 the company objected the inspection result before the Council of State. Years 2010-2012 the objection was made in legal date.

2013 -2014 notified the company of Form 19, and it was objected to within the legal deadlines.

Years 2015–2019 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.

On 13 December 2022, the company submitted a request the tax department dispute resolution committee, for their foresight. The dispute is currently under discussion with the committee.

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

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

was made in legal date. Years 2018-2022 not requested for inspection and the Company submitted the annual tax returns in the due dates.

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 2019-2022 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 subsidiary objected form 19 Years. 2010-2013 the inspection inspected and settled. Years 2014-2018 was inspected and objected on certain disputed items. Year 2019 was inspected and settled Years 2020/2022 not requested for inspections.

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 2015/2019 inspection was performed, and tax settled years 2020-2022 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 2020/2022 not inspected yet. - Tax inspection was performed from start of activity till 2020. Years 2020/2022 the Company submitted tax return quarterly in the due date.
Former: Modern Concentrates Industrial Company	The Company submitted tax return in the due dates.
Tiba for Trading and Distribution	- Inspection was performed from starting of activity till 2015/2019 and differences settled. Years 2020/2022 not inspected yet.
International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2019 and tax settled Years 2020/2022 the Company submitted tax return quarterly in the due date.
The Egyptian Company for Food Industries "Egyfood"	- Tax inspection was performed till 2020 and tax differences settled. The Company submitted tax return in the due dates.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

Inmaa for Agriculture Development Co. and Biological Wealth	<p>- Tax inspection was performed and settled till 2015 was inspected and settled. Years 2016/2019 processing inspection. Years 2020/2022 the Company submitted tax return in the due dates</p>
Inmaa for Livestock	<p>From the beginning of activity till 2019 inspected and settled. Years 2020/2022 the Company submitted tax returns in the due dates</p>
Inmaa for Agriculture	<p>-From the beginning of activity till 2016 was inspected and settled Years 2017/2019 inspection is in process. Years 2020/2022 the Company submitted the quarterly tax returns in the due date</p>
Third: Stamp tax	
Egyptian Company for Dairy Products	<p>-Inspection has been performed and difference settled till 2020. Years 2021/2022 not inspected yet</p>
Al-Marwa for Food Industries	<p>-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected and the objection was made in legal date. Years 2020/2022 the Company submitted tax return in the due date</p>
Former: Modern Concentrates Industrial Company	<p>-Inspection has been performed and difference settled till 2017. The company inspected till 2022.</p>
Tiba for Trading and Distribution	<p>-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected and results of inspection are not yet communicated . Years 2020/2022 not inspected yet</p>
International Company for Modern Food Industries	<p>-Inspection has been performed and difference settled till 2020. Year 2021/2022 not inspected yet.</p>
The Egyptian Company for Food Industries "Egyfood"	<p>From the beginning of activity till 2017 was inspected and settled -Years 2018 – 2020 inspected -Years 2021 – 2022 not inspected yet.</p>

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018-2020 inspected and objected. Years 2021/2022 not inspected yet.
Inmaa for agriculture	Years till 2019 was inspected and settled. Years 2020/2022 not inspected yet.
Inmaa for livestock	Inspection has been performed and difference settled till 2017. Years 2018/2021 not inspected yet.
Fourth: Value added tax (Sales tax)	
Egyptian Company for Dairy Products	- The company products are exempted from sales tax and entity submitted monthly sales tax return. the company was inspected and difference settled till 2019. Years 2020/2022 not inspected yet.
Al-Marwa for Food Industries	Inspected and difference settled /2019 inspected and settled. Years 2020/2022 not inspected yet.
Former: Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 2013, preparing for tax inspection from 2014 till 2022.
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 2018/2020 inspection completed and receive form 15 obtained from internal committee Years 2021/2022 not inspected yet.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 2019 inspected and settled. Years 2020/2022 not inspected yet.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 2014 and differences settled. Years 2015/2019 under inspection. Years 2020/2021 not inspected yet.
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 /2022 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-The tax inspection performed till 2019 Years 2020/2022 not inspected yet.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

17 Inventories

	30/9/2023	31/12/2022
	L.E	L.E
Raw materials	766 676 081	514 750 127
Packaging and packing materials	572 163 391	486 448 453
Finished goods	822 954 508	561 486 453
Consumables and miscellaneous supplies	129 026 191	96 617 666
Goods in transit - L/C's for goods purchase	128 041 165	66 210 669
	2 418 861 336	1 725 513 368

18 Trade and other receivables

	30/9/2023	31/12/2022
	L.E	L.E
Trade receivables	546 582 736	446 191 534
Less: Expected credit losses	(42 913 571)	(42 638 430)
	503 669 164	403 553 104
Note receivables	3 520 046	2 229 862
Suppliers – advance payments	73 772 742	63 794 691
Prepaid expenses	7 121 803	8 453 413
Export subsidy*	112 486 239	67 088 638
Tax Authority	116 521 041	152 910 732
Customs Authority	22 942 123	9 986 809
Deposits with others	60 599 117	22 793 771
Debtors- sales of PP&E	10 964 181	34 274 181
Other debit balances	13 518 492	8 642 244
	925 114 948	773 727 445
Less: Impairment in other debit balances	(5 603 304)	(5 603 304)
	919 511 644	768 124 141

* The collections occurred during the period ended 30 September 2023 is L.E 30 012 958 after deducting bank commissions and governmental fees and L.E 24 883 529 during the year 2022.

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

19 Cash at bank and on hand

	30/9/2023	31/12/2022
	L.E	L.E
Time deposits *	120 000 000	84 184 001
Banks – current accounts	276 073 523	204 436 734
Cash on hand	1 821 844	5 883 317
Banks - Treasury Bills	215 966 336	-
Cash and cash equivalent in cash flow	<u>613 861 703</u>	<u>294 504 052</u>

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

20 Share capital

	30/9/2023	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)	941 405 082	941 405 082

20-1 General reserve

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)
General reserve	<u>330 920 428</u>	<u>330 920 428</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

21 Loans

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

	Long term loans		Total L.E
	Current portion	Non-current portion	
	L.E	L.E	
Commercial International Bank (CIB)	33 064 056	44 588 518	77 652 574
Attijariwafa Bank	28 885 949	-	28 885 949
HSBC bank	23 875 000	40 548 228	64 423 228
Balance at 30/9/2023	85 825 005	85 136 746	170 961 751
Balance at 31/12/2021	123 444 343	78 951 620	202 395 963

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

22 Bank credit facilities

This balance amounted to L.E 694 739 443 at 30 September 2023 (against L.E 707 922 331 as at 31 December 2022), represents the drawn down portion of the L.E 1.685 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 collaterals from the group.

23 Provision for claims

Description	Balance at	Formed during	No longer	Used during	Balance at
	01/01/2023	the period	require for the	the period	30/9/2023
	L.E	L.E	period	L.E	L.E
Provision for claims	78 789 406	24 327 674	-	(9 561 727)	93 555 353

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

24 Creditors and other credit balances

	30/9/2023	31/12/2022
	L.E	L.E
Suppliers	1 699 622 687	1 061 323 992
Notes Payables	1 250 000	1 250 000
Dividends payable*	13 736 384	41 965 398
Accrued expenses	126 174 870	111 627 404
Tax authority	36 577 217	39 013 987
Deposits for others	4 165 108	3 452 962
Sales tax installments on the imported machineries and equipment (Note No. 25)	111 564	184 852
Social Insurance Authority	7 262 209	6 600 182
Due to health insurance	55 778 487	54 214 156
Advances from customers	25 697 970	14 924 486
Other credit balances	10 125 365	5 728 146
	<u>1 980 501 861</u>	<u>1 340 285 565</u>

*The amount is dividends to shareholders and dividends tax withheld till the dividends is remitted to MCDR

25 Other non-current liabilities

	30/9/2023	31/12/2022
	L.E	L.E
The value of sales tax installments on the imported machineries and equipment due from January 2018.	-	297 878
	<u>-</u>	<u>297 878</u>

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 312 544 056 at 30/9/2023 representing net book value of taxable assets and liabilities, with LE 304 602 189 at 31/12/2022.

Deferred Tax (Lease Contracts)

	Balance 30/9/2023	Balance 31/12/2022
	L.E	L.E
Deferred tax liability (Lease Contracts)	(9 426 825)	(7 607 878)
Deferred tax liability from fixed assets	(303 117 231)	(296 994 311)
Total deferred tax liability	(312 544 056)	(304 602 189)

	Balance on 1/1/2023	Movement during the period	Balance on 30/9/2023
	L.E	L.E	L.E
Deferred tax liability	304 602 189	7 941 867	312 544 056

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company controlled by the Company as at 30/09/2023 and the investment under joint control which are shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution % 30/9/2023	Contribution % 31/12/2022	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
<u>Under joint control</u>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

*As of 22 June 2022, Modern concentrates Industries company was merged in Al-Marwa for Food Industries.

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.

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 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

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	
		30/9/2023	31/12/2022
		L.E	L.E
Trade and other receivables	(18)	919 511 644	768 124 141

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 694 739 443 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

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
		L.E		cash flows
				L.E
Banks - credit facilities	(22)	694 739 443		(13 182 888)
Total loans	(21)	170 961 751		(21 148 070)
Operating lease – liabilities	(29)	102 755 283		(17 983 102)

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

Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

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	3 998 283	26 112
Cash at banks and on hand	1 296 714	73 886
Creditors and other credit balances	(30 691 335)	(2 136 437)
30 September 2023	(25 396 338)	(2 036 439)
31 December 2022	(5 749 889)	(2 277 613)

The following significant exchange rates applied during the period:

	Average rate		Closing Rate	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
USD	30.83	19.76	30.95	24.76
Euro	33.40	20.67	32.67	26.35

sensitivity analysis

Any reasonably possible strengthening (weakness) of the EUR, USD or GBP/EGP 30 September 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 September 2023
EGP	10% Effect
USD	78 601 666
Euro	6 653 046

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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.

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 September 2023

Financial instruments that carry a variable interest rate

	Profit or Loss	
	100 points increase	100 points decrease
	669 600	(669 600)

31 December 2022

Financial instruments that carry a variable interest rate

	9 103 000	(9 103 000)
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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.

	30/9/2023	31/12/2022
	L.E	L.E
Total liabilities	3 617 074 982	2 958 554 699
Less: cash at bank and on hand	(613 861 703)	(294 504 052)
Net debt	3 003 213 279	2 664 050 647
Total equity	4 107 244 673	3 410 732 172
Net debt to equity ratio	%73	78%

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

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 m². 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	119 813 200	120	1	6 179 374

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).

Lease contract liabilities

	30/9/2023	31/12/2022
	L.E	L.E
Liabilities from lease contracts current portion	17 820 980	15 875 352
Liability from lease contracts non-current portion	27 996 026	41 354 955
	45 817 006	57 230 307

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

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Lease contracts liabilities payment are as follows:

	Payment of liability principal		Payment of accrued interest	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	L.E	L.E	L.E	L.E
Liabilities for one year	17 820 980	15 875 352	6 896 514	8 077 004
Liabilities between 1-5 years	27 996 026	41 345 955	2 900 842	6 549 757

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 contracts 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.

	30/9/2023	31/12/2022
	L.E	L.E
Buildings, warehouses, and stores	85 175 991	85 118 957
Accumulated amortization during the period	(42 150 584)	(37 936 580)
Net book value	43 025 407	47 182 377

During the period ended 30 September 2023 the group has been charged by L.E 3 852 110 as an interest from leasing contracts.

Operating lease contract liability

	30/9/2023	31/12/2022
	L.E	L.E
Liabilities from lease contracts-current portion	19 704 886	14 866 781
Liability from lease contracts non-current portion	37 233 391	39 085 352
Total	56 938 277	53 952 133

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Payment of lease contracts liabilities are as follows:

	Liabilities in present value		Accrued interest	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	L.E	L.E	L.E	L.E
Liabilities for one year	19 704 886	14 866 781	4 508 499	4 800 404
Liabilities between 1-5 years	36 479 754	35 771 294	7 882 483	8 584 429
Liabilities more than 5 years	753 637	3 314 058	29 845	212 279

30 Contingent Liabilities

The Contingent Liabilities are represented in IDC'S during the period ended 30 September 2023 and due after the that date amounting to L.E 300 898 635.

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 5 099 721 on 30/09/2023.

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 period, between the Company and its related parties.

32 -1 Due from related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2023	31/12/2022	30/9/2023	31/12/2022
		L.E	L.E	L.E	L.E
Arju Company for Food Industries	Current account	864 014	498 111	1 423 984	559 970
				1 423 984	559 970

32-2 Board of Director's remuneration

The total allowances received by the board of directors during the period amounted to LE 1 760 000 against LE 1 775 000 during the year ended 30 September 2022.

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

33 Income tax – current

	30/9/2023	31/12/2022
	L.E	L.E
Income tax at the beginning of the year	213 078 927	180 249 503
Income tax expense	240 979 157	228 047 412
Dividends Tax	–	40 085 238
Taxes paid during the year	(202 326 991)	(227 919 133)
Tax difference in previous years	–	(7 384 093)
	251 731 093	213 078 927

34 Goodwill

	30/9/2023	31/12/2022
	L.E	L.E
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
	97 092 890	97 092 890

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2023

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 :

	Financial period from 1/1/2023 To 30/9/2023 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E	Financial period from 1/7/2023 To 30/9/2023 L.E	Financial period from 1/7/2022 To 30/9/2022 L.E
Net profit for the period according to profit or loss statement	878 623 107	473 861 743	322 502 998	155 013 049
Weighted average to number of shares	941 405 082	941 405 082	941 405 082	941 405 082
EPS (L.E/Share)	0.93	0.50	0.34	0.16

36 CIB Loan

The company obtained a loan L.E 91 million loan from the Commercial International Bank (CIB) as part of the Central Bank of Egypt's initiative to support industrial companies, at an interest rate of 8%, which is lower than the prevailing market rate for a similar loan. The withdraw amount of the loan is L.E 71.3 million. The difference between the two interest is recognized amounted to L.E 12,987,818 as follows: -

- a) Deferred income – non-current Liabilities L.E 3 939 095
- b) Deferred income - current liabilities L.E 6 347 047
- c) Other income – income statement L.E 2 701 676

The following is a statement of the loan balances and deferred income of government grants:

	Less than one year <u>L.E</u>	More than one year <u>L.E</u>	Total <u>L.E</u>
Loan	22 850 000	48 527 613	71 377 613
Discount (Deferred Income)	(6 347 047)	(3 939 095)	(10 286 142)
Balance at 30/9/2023	16 502 953	44 588 518	61 091 471