

9M21 Earnings Release

Cairo, Egypt | 13 January 2022



Juhayna Food Industries Reports 9M21 Earnings

Juhayna records a 28% y-o-y increase in net profit to 490mn, and a 16% y-o-y increase in net revenue to 6.5bn in 9M21.

9M21 Highlights

6,524mn Net Revenue ▲16% YoY	1,922mn, 29.5% Gross Profit, margin ▲7% YoY, ▼-2.6pps	943mn, 14.5% EBITDA, margin ▲0.4% YoY, ▼-2.2pps
490mn, 7.5% Net Profit, margin ▲28% YoY, ▲0.7pps	310mn 30/9/2021 Net Debt ▼-70% YoY	1,180mn, 18.1% SG&A, % of Sales ▲17% YoY, ▲0.1pps YoY

3Q21 Highlights

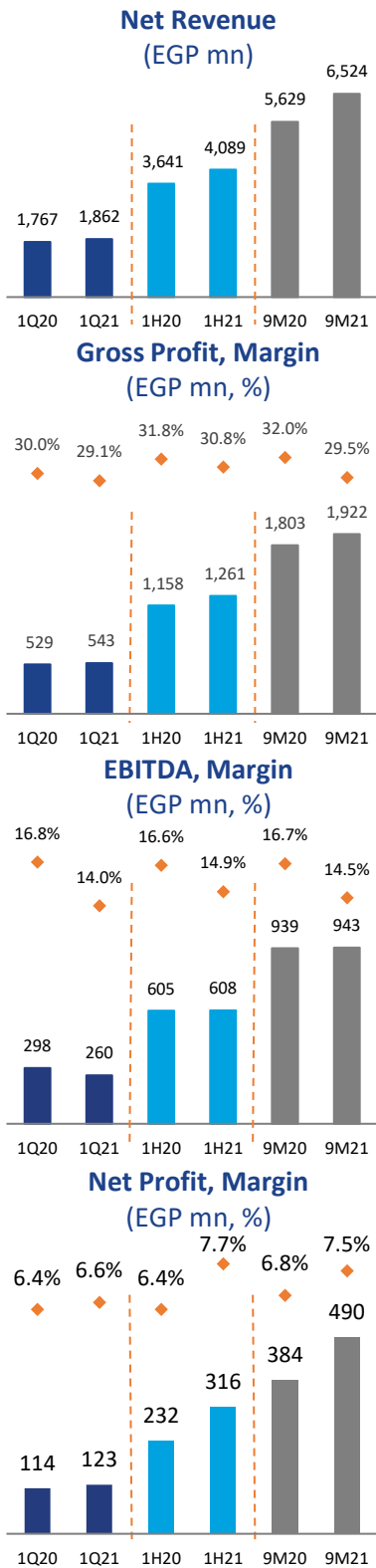
2,436mn Net Revenue ▲23% YoY	662mn, 27.2% Gross Profit, margin ▲3% YoY, ▼-5.2pps	335mn, 13.8% EBITDA, margin ▲0.2% YoY, ▼-3.1pps
174mn, 7.1% Net Profit, margin ▲14% YoY, ▼-0.5pps	310mn 30/9/2021 Net Debt ▼-70% YoY	405mn, 16.6% SG&A, % of Sales ▲18% YoY, ▼-0.7pps

Revenue By Segment

EGP mn	1Q21	1Q20	% Change	2Q21	2Q20	% Change	3Q21	3Q20	% Change
Dairy	989	970	2%	941	864	9%	1,188	991	20%
Fermented	456	360	26%	776	613	27%	610	501	22%
Juice	311	311	-0.1%	389	291	34%	512	413	24%
Concentrates & Agri	46	71	-35%	66	69	-4%	60	38	59%
3rd Party Distribution	60	54	10%	55	37	50%	67	45	48%
Total	1,862	1,767	5%	2,227	1,874	19%	2,436	1,987	23%

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(Cairo, Egypt) — Juhayna Food Industries (JUFO.CA on the Egyptian Exchange, “Company”), a leader in the Egyptian packaged dairy, yogurt and juice markets, announced today its audited consolidated results for 9M21, reporting net revenues amounting to EGP 6.5bn, realizing a growth of 16%. 3Q21 revenues amounted to EGP 2.4bn, recording an impressive top-line growth of 23%. Sales growth throughout the first nine months of 2021 were mostly volume driven, a testament to the robust consumer demand recovery witnessed in the period.

In 9M21, gross profit margin decreased by 2.6pps y-o-y to reach 29.5%. In 3Q21 gross profit margin reached 27.2%, recording a decrease of 5.2pps y-o-y. The margin contraction witnessed in 9M21 is a result of the global increase in raw (i.e., raw milk) and packaging material prices and global supply chain disruptions. Margins are expected to gradually improve in the coming period as the Company started to gradually pass on the cost hikes to the end consumer.

SG&A margin increased by 0.7pps y-o-y to reach 19% in 1H21, due to increased marketing spending to support the launch of Juhayna’s new innovations, the Nuts & Grains Plant Based segment, and the Flavored Greek Yogurt products. SG&A margin decreased by 0.7pps y-o-y in 3Q21, reaching 16.6%, as marketing spending normalized, taking the 9M21 SG&A margin down to 18.1%.

In 9M21 EBITDA margin for the period decreased by 2.2pps to reach 14.5%, while in 3Q21 EBITDA margin contracted by 3.1pps to reach 13.8%.

Decrease in the gross and EBITDA margins was more than made up for on the net profit level, due to the company’s cost optimization strategy and deleveraging efforts, as net debt decreased from EGP 1,022mn in 9M20, to EGP 310mn in 9M21, as well as lower cost of financing as the central bank of Egypt lowered the lending rates. For 9M21, net profit amounted to EGP 490mn, realizing an impressive increase of 28% and NPM increased by 0.7pps reaching 7.5%. Net profit in 3Q21 reached EGP 174mn, growing by 14%, but net profit margin decreased by 0.5pps to reach 7.1%.

Juhayna amended its accounting presentation of some discount accounts from selling expenses to be part of discounts (contra-revenue account). Accordingly, historical net sales and SG&A figures changed retroactively, by decreasing the net sales figure and decreasing the SG&A expense with no impact in EBIT figure.

Product Launches

In line with global trends and increasing consumer demand for dairy alternatives as part of their daily diet, Juhayna Food Industries was pleased to announce the launch of its plant-based segment to meet growing consumer demand and to contribute to the development of the segment with our natural products and vegan/unique flavor compositions.

Initially, Juhayna launched five SKUs under the new sub-brand, “N&G” (Nuts and Grains), to become the first Egyptian company to introduce a full UHT plant-based milk range to the market, including 1 liter Almond, Coconut, Oat, Soy and Hazelnut milk, the leading variants in Europe and North America in terms of market size and/or growth.

Innovation in dairy products and dairy alternatives is core to Juhayna’s portfolio strategy, as well as our sustainability agenda. As a company, we have set ambitious climate goals that we are aiming to achieve. This is part of our promise to develop products that are good for our customers and for the planet.



Flavored Greek Yogurt was selected as Juhayna’s next innovative venture due to its growing popularity abroad and its alignment with Juhayna’s mission to introduce healthy varieties to the market. The product was launched in April of 2021, in collaboration with Juhayna’s research and development team and is representative of the healthy and high-quality innovations that Juhayna seeks to deliver, as the range is made from natural ingredients, free of gluten and offers 30% of the recommended daily intake of protein per pack.

Despite the Plain Greek Yogurt range launching in March 2020 at the height of the first wave of the pandemic, it achieved great success due to the taste, quality and diverse range of 4 different fat contents. This success granted the company to get the wheels turning for the launch of the flavored Greek Yogurt range, which constitutes of 4 different flavors – Vanilla, Strawberry, Peach and Berries. The range was well received by the market and has been a great success, helping grow the Greek Yogurt market significantly.



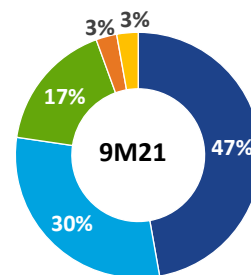
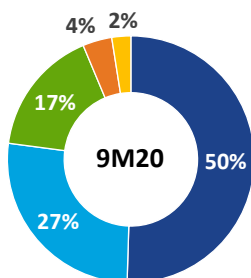
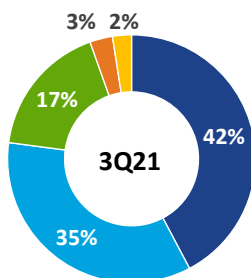
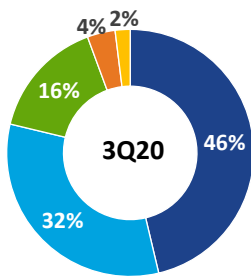
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Revenue Breakdown by Segment

- Dairy
- Fermented
- Juice
- Concentrates & Agri
- 3rd Party Distribution



Management Note

As we entered 2021, we faced a dramatically new playing field due to the evolving development of the pandemic. The knock-on effect across all facets of global and local businesses has been tangible and undeniable. Yet, as Juhayna, we have enjoyed exceptional and sustainable sales growth across our core business segments of dairy, yogurt, and juice, despite the numerous challenges.

During the first nine months of 2021, Juhayna recorded top-line growth of 16%, mainly attributable to solid consumer recovery as people returned to a degree of normalcy in their daily lives and spending habits after the destabilizing impact of the pandemic shock.

Credit for our impressive growth in 9M21 must go to the strategic and concentrated efforts of our management and sales force. Using an effective balance of innovation in our portfolio, teamed with market agility, we successfully launched new products, revitalized branding, and secured an even more substantial customer base enabling Juhayna to cement its leading position within a competitive market.

The Company's net profit grew by an impressive 28% as we successfully navigated through key challenges throughout 9M21, including supply chain disruptions and an increase in raw material prices. Significantly, and as a continuum to our current cost optimization strategy, we reduced our net debt position from EGP 1,022mn to EGP 310mn yoy reflecting very positively on our financing costs. Going forward, we continue to focus on launching high-margin, premium quality, consumer-driven products while maintaining our controlled capital expenditure policy.

With innovation being an integral element in our vision and mission, several achievements have contributed to our success during the past nine months. Notably, we launched a plant-based segment within our portfolio and are the first company to introduce a full range of plant-based milk to the market. In addition, an equally successful launch of flavored Greek yogurt products with 4 SKUs took place at the start of the second quarter, with both product ranges receiving an enthusiastic market response. Equally, the re-design of our juice and cooking creams packaging with a new look and feel has had a positive market reception.

Conclusively, although faced with market forces and obstacles beyond our control throughout a critical period that has re-shaped the world in many ways, we have manifested results that speak volumes about the tenacity, expertise, and determination of our highly valued team, upon whose efforts the ongoing success of Juhayna so strongly depends. We are confident that this ethos will support our continued growth into the coming years, echoing the milestones achieved in 2021.

Income Statement

	9M21	9M20	3Q21	3Q20
Net sales	6 523 983 182	5 628 575 625	2 435 430 424	1 987 343 543
Cost of sales	(4 601 653 747)	(3 825 821 257)	(1 773 745 272)	(1 342 720 293)
Gross profit	1 922 329 435	1 802 754 368	661 685 152	644 623 250
Other operating income	25 420 437	17 994 945	7 174 347	3 392 297
Selling and Marketing expenses	(996 701 724)	(804 408 664)	(339 464 808)	(275 070 142)
General and administrative expenses	(180 959 101)	(189 961 137)	(62 922 679)	(63 750 590)
Other expenses	(65 411 735)	(102 745 870)	(21 257 297)	(34 592 708)
Board of directors remuneration	(1 875 000)	(15 105 000)	(1 875 000)	(4 860 000)
Results from operating activities	702 802 312	708 528 642	243 339 715	269 742 107
Profits of a company under joint control	458 546	(159 915)	458 546	(979 349)
Share in the (Loss)/gain of company under joint control	(16 129 481)	(43 526 352)	(891 762)	(28 131 819)
Net finance (expense)	(57 856 969)	(124 274 271)	(15 780 366)	(33 334 827)
Net profit before income tax	629 274 408	540 568 104	227 126 133	207 296 112
Current income tax	(132 420 344)	(155 123 963)	(46 319 122)	(55 692 419)
Deferred tax	(6 662 396)	(1 697 823)	(7 277 147)	435 680
Net profit for the year	490 191 668	383 746 318	173 529 864	152 039 373
Distributed as follows				
Parent Company's share in profit	490 027 480	383 667 982	173 469 670	152 011 655
Non-controlling interest	164 188	78 336	60 194	27 718
	490 191 668	383 746 318	173 529 864	152 039 373
Earning per share for the year (L.E /share)	0.52	0.41	0.18	0.16

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Balance Sheet

	30/9/2021	31/12/2020
Assets		
Non-current assets		
Property, plant and equipment	3 180 842 974	3 147 991 528
Projects under construction	83 476 046	160 673 699
Plant wealth – productive	16 100 436	16 486 823
Plant wealth – not productive	29 759 631	22 187 917
Biological wealth	193 482 405	196 167 984
Investments under joint control (equity)	14 930 253	14 471 707
Goodwill	97 092 890	97 092 890
Right to use assets	40 375 889	44 325 662
Other - long term asset	725 941	732 144
Non-current assets	3 656 786 465	3 700 130 354
Current assets		
Biological assets - Feeding Sector	26 503	48 501
Biological assets - Existing Agriculture	15 749 099	12 242 286
PPE held for sale	3 228 923	6 636 111
Inventories	799 385 788	873 968 773
Trade and other receivables	520 947 007	360 164 022
Due from related party	2 722	-
Cash at banks and on hand	473 805 880	182 542 538
Current assets	1 813 145 922	1 435 602 231
Total assets	5 469 932 387	5 135 732 585
Equity		
Issued and paid up capital	941 405 082	941 405 082
Legal reserve	666 697 531	637 021 531
General reserve - issuance premium	330 920 428	330 920 428
Retained earnings	963 535 902	993 211 902
Total comprehensive income after periodic distributions	490 027 480	-
Total equity attributable to the shareholders of the parent company	3 392 586 423	2 902 558 943
Non-controlling interest	879 097	714 909
Total equity	3 393 465 520	2 903 273 852
Non-current liabilities		
Long - term loans	232 537 549	270 774 821
Other non current liabilities	1 192 982	18 208 729
Lease contract liabilities - non current portion	96 328 212	108 412 444
Deferred tax liabilities	293 544 461	286 882 065
Non-current liabilities	623 603 204	684 278 059
Current liabilities		
Provision for claims	46 922 399	50 854 882
Bank credit facilities	254 493 514	276 599 740
Creditors and other credit balances	771 364 819	674 165 586
Income tax payable	134 078 577	192 929 560
Lease contract liabilities- current portion	24 926 170	23 736 357
Loans-current portion	221 078 184	329 894 549
Current liabilities	1 452 863 663	1 548 180 674
Total liabilities	2 076 466 867	2 232 458 733
Total equity and total liabilities	5 469 932 387	5 135 732 585

Cash Flow Statement

	9M21	9M20
Cash flows from operating activities		
Net profit for the year before income tax and minority interest in profits	629 274 408	540 568 104
Adjustments for:		
PPE depreciation	218 374 870	215 486 093
Capital losses	832 241	22 818 569
Amortization of asset right of use (lands)	6 203	6 205
Amortization of animal wealth	22 247 034	19 279 634
Amortization of plant wealth (productive)	386 387	709 267
Impairment vital assets	-	(2 890 000)
Change in Investments under joint control	(458 546)	159 915
Impairment of Fixed assets	(237 300)	-
Impairment of trade receivables(Reverse)	3 520 215	5 177 412
Amortization of right of use asset	11 277 113	11 191 264
Right of use asset interest	3 285 406	4 062 867
Inventory write down	942 945	-
Impairment of the Inventory	-	(2 069 608)
Provision for claims formed	6 884 505	10 799 875
Herd birth	(11 260 800)	(10 509 700)
Herd capitalization	(41 315 583)	(53 781 246)
Loss from selling and death of animal wealth	8 102 304	16 319 305
Loss from the compansation of calves death	-	715 022
Foreign exchange (losses) / gain	(1 452 752)	(372 401)
Credit interests	(10 927 194)	(14 398 274)
Finance interests & expenses	66 951 509	134 982 079
	906 432 965	898 254 382
Collected credit interests	10 927 194	14 398 274
Finance interest & expenses paid	(66 951 509)	(134 982 079)
Changes in:		
Inventories	73 640 040	128279641
Biological assets- Exiting Agriculture	(3 506 813)	7 412 397
Trade and other receivables	(129 450 437)	(77 220 564)
Due to related parties	-	(3 532)
Creditors & other credit balances	97 199 233	58 861 054
Due from related parties	(2 722)	(421 866)
Dividends paid to employees	(34 852 760)	(63 920 851)
Income tax paid	(191 271 328)	(109 061 777)
Sales tax on capital goods -paid	(17 015 747)	(5 107 287)
Impairment of trade and other receivables used	-	(7 031 884)
Impairment in inventories used	-	(2 737 247)
Impairment in provisions claims	(10 816 988)	(23 322 516)
Impairment in fixed asset usage	-	(12 392 780)
Net cash flows result from operating activities	634 331 128	671 003 365
Cash flows from investing activities		
Acquisition of PPE & projects under construction	(176 725 491)	(206 397 778)
Proceeds from sale of PPE	5 509 075	68 779 115
Acquisition of plant wealth	(7 571 714)	(24 330 644)
Acquisition of animal wealth	(7 335 000)	-
Proceeds from the sale of animal wealth	27 018 549	-
Proceeds from the compansation of calves death	5 251 072	3 878 405
Proceeds from the sale of plant and animal wealth	-	44 388 970
Net cash flows (used in) investing activities	(153 853 509)	(113 681 932)
Cash flows from financing activities		
Collection proceeds from overdraft & credit facility	(22 106 226)	(115 184 173)
Payment for Bank long term loans	(21 507 166)	(22 472 132)
Payment of financial lease contract liabilities	(147 053 637)	(226 764 748)
Dividends paid to shareholders	-	(188 281 016)
Net cash flows (used in) financing activities	(190 667 029)	(552 702 069)
Change in cash & cash equivalents during the year	289 810 590	4 619 364
The effect of foreign exchange difference	1 452 752	372 401
Cash & cash equivalents at 1 January	182 542 538	96 717 667
Cash & cash equivalents at 30 September	473 805 880	101 709 432

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About Juhayna Food Industries

Juhayna Food Industries is a leading Egypt-based manufacturer specialized in the production, processing and packaging of dairy, juice, yogurt and cooking products.

Since its founding in 1983, it has secured a frontrunner position in Egypt and has expanded its presence, through exports, to international markets, a feat made possible through its firm commitment to delivering a wide range of high-quality, healthy, and safe products that have become trusted household names.

Today, with four fully operational facilities, a vast network of distribution centers serving more than 136,000 retail outlets nationwide, and a 500-feddan, fully-owned dairy farm covering a sizeable portion of the company's raw milk needs, Juhayna continues to raise the benchmark for premium quality Egyptian manufactured products.

Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Juhayna Food Industries. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Juhayna Food Industries may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Juhayna Food Industries is subject to risks and uncertainties

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