

FY21 Earnings Release

Cairo, Egypt | 28 April 2022



Juhayna Food Industries Reports FY21 Earnings

Juhayna records a 23% y-o-y increase in net profit to 526mn, and a 17% y-o-y increase in net revenue to 8.8bn in FY21.

FY21 Highlights

8,806mn Net Revenue ▲17% YoY	2,527mn, 28.7% Gross Profit, margin ▲5% YoY, ▼-3.4pps	1,224mn, 13.9% EBITDA, margin ▼-4% YoY, ▼-3.1pps
526mn, 6.0% Net Profit, margin ▲23% YoY, ▲0.3pps	294mn 31/12/2021 Net Debt ▼-62% YoY	1,613mn, 18.3% SG&A, % of Sales ▲16% YoY, ▼-0.3pps YoY

4Q21 Highlights

2,282mn Net Revenue ▲22% YoY	604mn, 26.5% Gross Profit, margin ▲0.5% YoY, ▼-5.7pps	281mn, 12.3% EBITDA, margin ▼-16% YoY, ▼-5.6pps
36mn, 1.6% Net Profit, margin ▼-19% YoY, ▼-0.8pps	294mn 31/12/2021 Net Debt ▼-62% YoY	433mn, 19.0% SG&A, % of Sales ▲13% YoY, ▼-1.6pps

Revenue By Segment

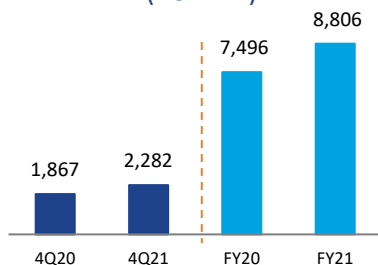
EGP mn	FY21	FY20	% Change	4Q21	4Q20	% Change
Dairy	4,346	3,819	14%	1,228	992	24%
Fermented	2,383	1,955	22%	542	481	13%
Juice	1,616	1,331	21%	405	316	28%
Concentrates & Agri	217	202	7%	45	25	81%
3rd Party Distribution	244	189	29%	62	52	18%
Total	8,806	7,496	17%	2,282	1,867	22%

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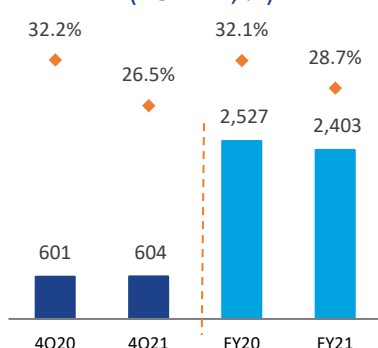
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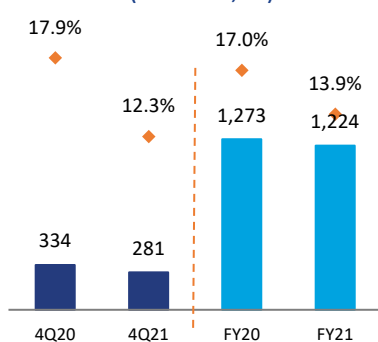
Net Revenue (EGP mn)



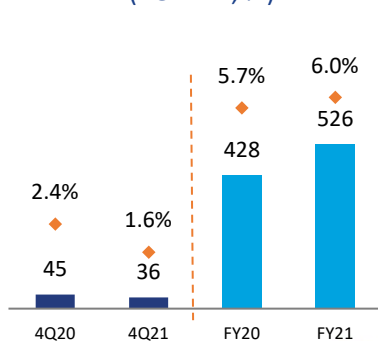
Gross Profit, Margin (EGP mn, %)



EBITDA, Margin (EGP mn, %)



Net Profit, Margin (EGP mn, %)



(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 unaudited consolidated results for FY21, reporting net revenues amounting to EGP 8.8bn, realizing a growth of 17%. 4Q21 revenues amounted to EGP 2.3bn, recording an impressive top-line growth of 22%. Sales growth throughout 2021 was mostly volume driven, a testament to the robust consumer demand recovery witnessed in the period.

In FY21, gross profit margin decreased by 3.4pps y-o-y to reach 28.7%. In 4Q21 gross profit margin reached 26.5%, recording a decrease of 5.7pps y-o-y. The margin contraction witnessed in FY21 is a result of the global increase in raw (i.e., raw milk) and packaging material prices and global supply chain disruptions.

SG&A margin decreased by 0.3pps y-o-y to reach 18.3% in FY21, due to continued marketing spending to support the launch of Juhayna’s new innovations, the Nuts & Grains Plant Based segment, and the Flavored Greek Yogurt products. While SG&A margin decreased by 1.6pps y-o-y in 4Q21, reaching 19.0%.

In FY21 EBITDA margin for the period decreased by 3.1pps to reach 13.9%, while in 4Q21 EBITDA margin contracted by 5.6pps to reach 12.3%.

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 781mn in FY20, to EGP 294mn in FY21, as well as lower cost of financing as the central bank of Egypt lowered the lending rates. For FY21, net profit amounted to EGP 526mn, realizing an impressive increase of 23%

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.



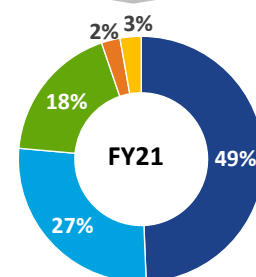
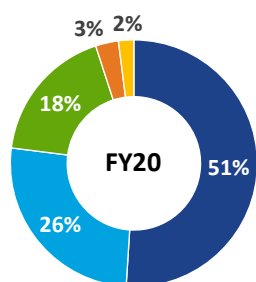
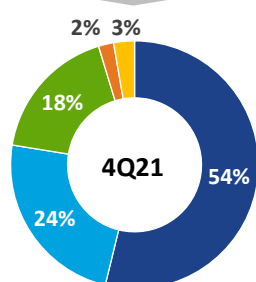
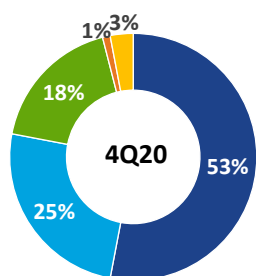
Flavored Greek Yogurt was selected as Juhayna’s next innovative venture due to its growing popularity abroad and its alignment with Juhayna’s mission to introduce healthy varieties to the market. The product was launched in April of 2021, in collaboration with Juhayna’s research and development team 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.



Revenue Breakdown by Segment

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



Management Note

In 2021, we faced a dramatically new playing field due to the evolving development of the pandemic. The increase in raw material prices and supply chain disruptions have been undeniable. However, we have enjoyed exceptional and sustainable sales growth across our core business segments of dairy, yogurt, and juice, despite the numerous challenges.

In 2021, Juhayna recorded top-line growth of 17%, mainly attributable to solid consumer recovery, due to the rolling out of vaccines and the ease of lockdown measures, enabling people to return to their normal daily lives.

Credit must also go to management and sales team, who used an effective balance of innovation in our product 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. Our management strategy on performance optimization, focusing on improved cross-functional communication and team alignment, resulted in increased collaboration, cooperation, and overall efficiency. Juhayna's market presence was also reinforced through the continuation of the new brand identity, expressed through strategic campaigns, new product innovations, and a fresh packaging revamp.

The Company's net profit grew by 23%, as we navigated through key challenges throughout FY21, including supply chain disruptions and an increase in raw material prices. As a part of our ongoing cost optimization strategy, we reduced our net debt position from EGP 781mn to EGP 294mn 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 year. Notably, we were the first company to launch a full-range of plant-based milk products. In addition, an equally successful launch of flavored Greek yogurt products with 4 SKUs took place at the start of the second quarter, both launches were well received by the market and proved to be successful. We also re-designed our juice and cooking creams packaging with a new look and feel that 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 growth that speaks volumes about the tenacity, expertise, and determination of our highly valued team.

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Income Statement

	FY21	FY20
Net sales	8 805 974 252	7 495 796 836
Cost of sales	(6 278 903 539)	(5 092 839 603)
Gross profit	2 527 070 713	2 402 957 233
Other operating income	41 548 292	45 914 514
Selling and Marketing expenses	(1 340 271 251)	(1084 132 592)
General and administrative expenses	(272 283 318)	(308 699 973)
Other expenses	(122 143 862)	(218 615 019)
Results from operating activities	833 920 574	837 424 163
Profits of a company under joint control	645 136	(392 442)
Net finance (expense)	(68 187 651)	(161 212 082)
Net profit before income tax	766 378 059	675 819 639
Current income tax	(226 962 845)	(236 359 147)
Deferred tax	(13 026 096)	(10 972 590)
Net profit for the year	526 389 118	428 487 902
Distributed as follows		
Parent Company's share in profit	526 196 634	428 376 245
Non-controlling interest	192 484	111 657
	526 389 118	428 487 902
Earning per share for the year (L.E /share)	0.56	0.46

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Balance Sheet

	12/31/2021	12/31/2020
Assets		
Non-current assets		
Property, plant and equipment	3 164 789 327	3 147 991 528
Projects under construction	73 964 179	160 673 699
Plant wealth - productive	26 073 857	16 486 823
Plant wealth – not productive	23 679 027	22 187 917
Biological wealth	196 194 420	196 167 984
Investments under joint control (equity)	15 116 843	14 471 707
Other - long term asset	723 872	732 144
Right to use assets	61 583 843	44 325 662
Goodwill	97 092 890	97 092 890
Non-current assets	3 659 218 258	3 700 130 354
Current assets		
Biological assets - Feeding Sector	46 173	48 501
Biological assets - Existing Agriculture	10 571 729	12 242 286
PPE held for sale	1 607 427	6 636 111
Inventories	879 266 088	873 968 773
Trade and other receivables	456 020 949	360 164 022
Due from related party	2 966	-
Cash at banks and on hand	453 015 330	182 542 538
Current assets	1 800 530 662	1 435 602 231
Total assets	5 459 748 920	5 135 732 585
Equity		
Issued and paid up capital	941 405 082	941 405 082
Legal reserve	688 879 026	637 021 531
General reserve - issuance premium	330 920 428	330 920 428
Retained earnings	1 206 348 929	993 211 902
Total equity attributable to the shareholders of the parent company	3 167 553 465	2 902 558 943
Non-controlling interest	762 819	714 909
Total equity	3 168 316 284	2 903 273 852
Non-current liabilities		
Long - term loans	262 359 916	270 774 821
Other non current liabilities	482 730	18 208 729
Lease contract liabilities - non current portion	109 066 326	108 412 444
Deferred tax liabilities	299 908 161	286 882 065
Non-current liabilities	671 817 133	684 278 059
Current liabilities		
Provisions	70 078 923	50 854 882
Bank credit facilities	273 230 763	276 599 740
Creditors and other credit balances	928 212 428	674 165 586
Income tax payable	180 249 503	192 929 560
Lease contract liabilities- current portion	28 324 136	23 736 357
Loans-current portion	139 519 750	329 894 549
Current liabilities	1 619 615 503	1 548 180 674
Total liabilities	2 291 432 636	2 232 458 733
Total equity and total liabilities	5 459 748 920	5 135 732 585

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Cash Flow Statement

	31/12/2021	31/12/2020
Cash flows from operating activities		
Net profit for the year before income tax and minority interest in profits	766 378 059	675 819 639
Adjustments for:		
PPE depreciation	298 553 535	286 329 918
Capital loss	1 154 821	16 516 151
Amortization of asset right of use (lands)	8 272	8 273
Amortization of animal wealth	30 080 248	26 583 250
Amortization of plant wealth (productive)	539 464	471 063
Impairment vital assets	-	289 588
Impairment vital assets write-down	-	(3 179 588)
Changes in investments under joint control (equity)	(645 136)	392 442
Impairment of Fixed assets & projects under construction	503 366	24 920 137
Impairment of trade and other receivables write-down	11 917 800	(1 653 387)
Impairment of trade and other receivables	-	21 691 583
Amortization of right of use asset	14 765 235	-
Right of use asset interest	4 398 912	-
Impairment of inventory	1 331 557	11 955 299
Impairment of inventory write-down	-	(2 645 192)
Provision for claims formed	36 656 195	58 490 324
Herd birth	(16 133 111)	(15 249 100)
Herd capitalization	(58 183 714)	(68 520 036)
Loss from selling and death of animal wealth	-	25 081 483
Loss from calves death	8 296 528	-
Foreign currencies exchange differences	(1 158 376)	2 660 103
Credit interests	(20 226 267)	(14 366 296)
Finance interests & expenses	85 173 382	178 238 481
	1 163 410 770	1 223 834 135
Changes in:		
Inventories	(6 628 872)	163 189 072
Biological assets- Exiting Agriculture	1 670 557	14 214 138
Trade and other receivables	(107 774 727)	36 203 700
Creditors & other credit balances	64 139 830	(21 730 600)
Due from related parties	(2 966)	(421 867)
Dividends paid to employees	(72 921 096)	(63 972 525)
Changes in held for sale	1 004 119	(392 863)
Income tax paid	(239 642 813)	(147 056 588)
Sales tax on capital goods -paid	(17 725 999)	(4 755 574)
Impairment of trade and other receivables used	-	(2 262 250)
Impairment in inventories used	-	(3 050 336)
Provisions claims used	(17 432 154)	(24 109 653)
Impairment in fixed asset used	-	(23 162 696)
Net cash flows result from operating activities	768 096 649	1146 526 093
Cash flows from investing activities		
Acquisition of PPE & projects under construction	(233 523 140)	(304 490 090)
Proceeds from sale of PPE	8 729 037	80 863 472
Proceeds from plant wealth unproductive	138 994	-
Acquisition of plant & animal wealth	(7 335 000)	(35 098 267)
Acquisition of plant wealth unproductive	(11 756 601)	-
Proceeds from the sale of plant and animal wealth	36 804 206	62 938 470
Proceeds from the compensation of calves death	6 446 734	-
Net cash flows (used in) investing activities	(200 495 770)	(195 786 415)
Cash flows from financing activities		
Proceeds from/ (payments for) overdraft & credit facility	(3 368 977)	(122 340 584)
(Payments for) financial lease contract liabilities	(31 180 667)	(10 976 121)
(Payments for) Bank loans	(198 789 704)	(376 748 765)
Collected credit interests	20 226 267	14 330 263
Finance interests & expenses paid	(85 173 382)	(178 238 481)
Dividends paid to shareholders	-	(188 281 016)
Net cash flows resulted from/ (used in) financing activities	(298 286 463)	(862 254 704)
Change in cash & cash equivalents during the year	269 314 416	88 484 974
The effect of foreign exchange difference	1 158 376	(2 660 103)
Cash & cash equivalents at 1 January	182 542 538	96 717 667
Cash & cash equivalents at 31 December	453 015 330	182 542 538

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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

Investor Contacts

Khaled Daader

Head of Investor Relations

khaled.daader@juhayna.com

+202 38271833

Ali Thabet

ali.thabet@juhayna.com