Juhayna

CARING EVERYDAY since 1983

2021

ANNUAL REPORT

Juhayna
CARING EVERYDAY since 1983

CONTENTS

04 Juhayna at a Glance
06 Milestones
10 Management Note
12 2021 in Overview
18 Covid-19 Response
23 Management Discussion & Analysis
28 Our Strategy
34 Manufacturing & Supply Chain
42 Lines of Business
62 Creating Shared Value
70 Corporate Governance
72 Financial Statements

Juhayna
CARING EVERYDAY since 1983

JUHAYNA AT A GLANCE

A leading provider of packaged dairy products, juices, and juice concentrates in Egypt, Juhayna Food Industries was founded in 1983 with a vision of bringing affordable, accessible, safe, and delicious products to people and communities everywhere. Armed with a willingness to challenge dated practices and lead innovative changes, the company set out to transform a market that was essentially dependent on the use of loose milk to the safe consumption of packaged milk and dairy products. Today, and as a result, packaged milk is preferred by nearly half of all Egyptian households, and the company continues to carve new paths as it regularly diversifies its product offerings; increase its collaborations with trusted, eco-friendly partners; and invest in local initiatives that aim to advance people, industries, and ideologies.

4
Operating Plants

1000+
Trucks & Vans

6MN+
Packs produced per day

200+
SKUs

4000+
Employees

6000+
Livestock

MILESTONES


Juhayna
GREEK
MIXED BERRIES YOGURT
LOW FAT
LOW SUGAR
12G
PROTEIN

1987

Juhayna begins producing Egypt's first packaged milk, yogurt, and juice products.

1991

- Juhayna becomes McDonald's first partner in Egypt and the sole provider of its locally sourced material. This partnership remains in effect till today.
- The company becomes the exclusive dairy supplier for multiple airlines, hotels, and fast-food chains.

1998

Juhayna establishes Al Marwa plant.

2000-2001

- Juhayna launches its drinkable yogurt Zabado, which quickly becomes a best-seller.
- The company enters the cooking and whipping cream markets.
- The company launches PURE, a 100% natural juice product.

2003

Juhayna launches the high quality and affordable Bekhero milk for low-income consumers.

2005

Juhayna acquires Al Masreya plant.

2007

Juhayna launches TIBA Trade and Distribution, helping it further expand across the country.

2008

Juhayna revamps and expands Al Marwa plant.

2009

Juhayna inaugurates Al Dawleya plant.

2010

Juhayna goes public and is listed on the Egyptian Stock Exchange.

2012

Juhayna's 0% fat milk makes it to the market as the first of its kind.

2013

- Juhayna signs a cooperation protocol with the European Bank for Reconstruction and Development (EBRD) to roll out a local farm support program and strengthen Egyptian agriculture.
- The company inaugurates EgyFood Assiut.

2014

Juhayna inaugurates EgyFood 6 October City, a 35,000 sqm facility.

2015

Juhayna partners with Arla Foods for a third-party distribution arrangement.

2016

A solar energy station becomes fully operational at Al-Enmaa farm, with the help of Karm Solar.
- Juhayna's state-of-the-art innovation center, housing four research and evaluation labs, begins operation.
- The company partners with Fawry to build a creditworthiness system and facilitate digital payments for traders.
- The company signs a cooperation protocol with the German Agency for International Cooperation (GIZ) to launch a long-term development program for female empowerment in the workplace.

2017

Juhayna joins the United Nations Global Compact (UNGC).

2018

The company's 100% natural lactose-free milk launches as the first local product of its kind.

2019

Juhayna changes its identity (new logo and new packaging for milk and yogurt).

2020

- Juhayna launches its Greek Yogurt range.
- The company changes packaging for yogurt, Rayeb, Zabado, and Mix milk.
- Juhayna partners with Rabea Tea for a third-party distribution agreement (second contract for Juhayna).
- Juhayna begins covering 16% of Al-Enmaa Dairy's electricity needs using solar energy generated by its state-of-the-art 1 MW solar energy station.
- Launches its first carbon footprint report.
- The Juhayna Central Lab acquires the ISO 17025:2017 accreditation, becoming the first dairy and juice lab to receive it among private business in Egypt.

2021

- Juhayna launched its plant-based milk range (N&G) becoming the first company to locally manufacture a full plant-based milk range.
- The company launched its flavored Greek Yogurt range.

MANAGEMENT NOTE

As we entered 2021, we faced a dramatically new playing field due to the evolving development of COVID-19. The knock-on effect across all facets of global and local businesses has been tangible and undeniable. Yet, as Juhayna, we have enjoyed a period of sustainable sales growth across our core business segments of dairy, yogurt, and juice, despite the numerous challenges. All in all, it was a solid recovery year, which we took advantage of to a great extent, despite turbulent times where commodity prices increased drastically, and global supply chain disruptions occurred. We managed to maneuver these challenges expertly due to our team's efforts.

In 2021 Juhayna recorded impressive sales growth across all lines of business due to the robust consumer demand recovery witnessed in the period as people returned to a degree of normalcy in their daily lives and spending habits after the destabilizing impact of the pandemic shock.

In addition, Juhayna achieved a y-o-y revenue increase of 17%, amounting to 8.8 billion over the year. Credit for our impressive revenue increase and growth 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. Our management strategy on performance optimization, focusing on improved cross-functional communication and team alignment through regular weekly meetings and daily department meetings, 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 or rebranding.

The company's net profit amounted to EGP 526mn, realizing an impressive increase of 23%, as we successfully navigated through key challenges throughout the year. These challenges included an increase in commodities/raw materials prices, which pushed us to explore avenues for further cost optimization. Freight costs also rose incrementally, impacting our supply chain management, which faced global disruptions due to the pandemic. Significantly, we reduced our net debt by 62% from EGP 781mn in 2020 to EGP 295mn by the end of 2021, reflecting 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. Building on the results achieved through this sound business strategy over the past three years, we are fully confident of raising the company's brand value to exciting new levels.

With innovation being an integral element in our vision and mission, several achievements have contributed to our success during the past year. 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. An equally successful launch of flavored Greek yogurt products with 4 SKUs took place in 2021, with both product ranges receiving an enthusiastic market response. Equally, the re-design of our juice 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 the acritical 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. Therefore, we extend our appreciation for our team's efforts. We are confident that this ethos will support our continued growth into the present year, echoing the milestones achieved in 2021.

2021 IN REVIEW

Juhayna successfully maintained its strong market position throughout 2021. This was achieved despite several challenges, mainly supply chain disruptions and cost increases in raw and packaging materials. Juhayna's solid performance can be mainly attributed to wide-scale development in procedures, policies, and equipment, a process that has been seeing results since being implemented in 2016. Aligning these improvements with smart business continuity strategies, flexible optimization plans, and the establishment of solid pillars for product and segment innovation, coupled with partnership diversification to enhance revenues, the company enjoyed a successful performance throughout 2021, optimizing the path to stable growth and operations in 2022.

MITIGATING THE IMPACT OF COVID-19

Prioritizing the well-being of its employees while ensuring uninterrupted workflow, Juhayna maintained its effective Covid-19 strategy on an ongoing basis during 2021. Safety kits with masks, gloves, and disinfectants were distributed to all employees, along with the addition of immunity-boosting vitamins, if necessary, with regular thermal testing taking place on all company premises. Video conferencing and Work from Home arrangements were implemented, with ongoing awareness campaigns through internal announcements, educational videos, and quizzes. Reinforcing the movements, the company issued DOs and DONT lists, nutrition awareness tips, and reminders of social distancing policies. Read more in the COVID-19 Response section, page 18.

SUCCESSFUL MARKET LEADERSHIP

Juhayna consolidated its leading position in the dairy and yogurt markets during 2021 while also experiencing phenomenal growth in the highly competitive juice market. Strategic launches of new products with higher profit margins into the market, namely the N&G segment, Flavored Greek Yogurt range, and Lactose-Free Skimmed Milk, played a positive role in counteracting some of the year's challenges. Read more in the Lines of Business section, page 42.

COST OPTIMIZATION ACROSS THE COMPANY

1-COST OPTIMIZATION:

Building on a cost optimization strategy that started in 2017 to increase efficiency has reflected in the company's profitability since its implementation. In 2021, the focus was on increasing agility and saving on warehousing costs by lowering inventory days. Successful deleveraging occurred, decreasing the net debt to EGP 294 million with a remarkable drop of 62% by the end of the year. The Continuous Improvement Program "Kaizen Project" saw the implementation of 100 ideas out of 700 offered by employees, leading to savings of around EGP 50 million and a reduction of EGP 10 million in Scrap and Losses.

2-PERFORMANCE OPTIMIZATION:

Effective performance optimization strategies were adopted to increase communication and improve team alignment through regular weekly cross-department meetings and daily department meetings resulting in increased collaboration and overall efficiency. -Read more in the Our Strategy section, page 28 and Manufacturing, page 34.

UPGRADES IN MANUFACTURING AND SUPPLY CHAIN

Despite global supply chain disruptions and commodity price increases in 2021, Juhayna's Manufacturing and Supply Chain teams oversaw significant new segment launches and upgrading procedures. These manifested in impressive cost reductions, KPI results, and a y-o-y productivity increase of 15%. New quality certifications were also obtained, namely Grade A certification of Brand Reputation Compliance (BRC) for El Masreya Plant, upgraded Food Safety System certification 22000 version 5.1, and Halal certification for El Dawleya Plant.

NEW PRODUCT LAUNCHES

Juhayna takes pride in launching its Nuts & Grains segment in 2021. The new plant-based segment is a prominent brand innovation aligned with its core values and unique brand identity. Juhayna rapidly led the plant-based milk market over the year, positioning itself as one of the strongest market players. In addition, Juhayna released Flavored Greek Yogurt in four different flavors in April of 2021. The range was a big success, and it has quickly grown to represent almost 50% of Greek Yogurt sales since its launch. 2021 also witnessed the launch of skimmed lactose-free milk. The new product was a success and provided for the growing consumer demand for healthier low-fat products, taking over around 40% share of the lactose-free milk market. Juhayna also re-launched its Mix Milk Vanilla and Caramel upon consumer requests. Read more in the Lines of Business section, page 42.

GROWING THIRD-PARTY DISTRIBUTION

The successful third-party distribution arrangement struck with Danish company Arla and its partnering with Rabea Tea in 2020 has encouraged Juhayna to explore opportunities for similar agreements to utilize its excess capacities while maximizing this new revenue stream and covering much of its existing fixed distribution costs. Although no further contracts were signed in 2021, the two existing agreements are boosting sales figures, and the company is actively seeking out new deals in 2022.
Digital Distribution/ Online Grocery Shopping: Juhayna dealt with several B2B digital wholesale platforms that proved to be successful distribution channels and created a more substantial online grocery shopping presence that effectively grew the company's e-commerce and online sales rates.
- Read more in the Distribution section, page 56.

ACTIVE COMMUNITY INVOLVEMENT

Juhayna reaffirmed its commitment to the community in 2021 by continuing to invest in many projects supporting people, reducing the negative environmental impact on the planet, and operating with purpose. Read more in the Creating Shared Value section, page 62.

COVID-19 RESPONSE

Following its proactive stance on tackling the impact of Covid-19 during 2020, Juhayna continued to implement protective measures for the wellbeing of its employees and the greater community.

The stringent measures previously coordinated and enforced across all departments remained in place throughout 2021, with systems to ensure adherence at all levels of company operations.

WORK ENVIRONMENT

Sanitization was maintained across all premises, including the company headquarters, distribution centers, factories, and farms. Measures were taken to ensure proper ventilation during sanitization and deep cleaning processes, minimizing any risk factors to the workforce, and increasing the frequency of all premises during the day. Particular attention was paid to regular disinfecting of high-touch surfaces, such as desks and tables and objects like telephones, keyboards, and doorknobs, with added precautions of installing and distributing hand sanitizers at all company entrances. In line with the company's Covid-19 policy, all transportation buses underwent sanitization upon arrival and before departure from the company premises and farms, with alcohol dispensers also being placed in all distribution fleet vehicles. There was an immediate closure of cafeterias on all sites to contain any risk of infection. All steps were implemented alongside ongoing training in Covid-19 awareness for all employees on an ongoing basis, ensuring that a cohesive system was in place to minimize any potential exposure or contagion. Management worked with all departments to facilitate the protective measures without disturbing workplace efficiency and productivity.

EMPLOYEES

To continue with proactive steps put in place the previous year, all employees were issued with safety kits containing masks, gloves, and disinfectant, with the addition of immunity-boosting vitamins if circumstances indicated the need. The company implemented regular thermal testing for all employees upon arrival. Any employee suspected of exhibiting flu-like symptoms or an elevated temperature was automatically granted two weeks' leave, with an obligation to undergo COVID-19 testing before return.

Furthermore, physical face-to-face meetings were replaced by videoconferencing wherever possible, with a work-from-home policy mandated for any vulnerable employees, including those with autoimmune diseases, compromised immune systems, and any existing respiratory illness. This policy extended to include pregnant women or mothers with vulnerable children or children under 12 and employees who live with elderly parents to avoid the possibility of any infection.

AWARENESS

Reinforcing the importance of acknowledging that Covid-19 still posed an ongoing risk to the community, Juhayna ran ongoing awareness campaigns to educate employees on the symptoms and methods of prevention. This was effectively managed through internal announcements across all departments, educational videos, and engaging tools like quizzes. To keep things specific and straightforward, a clear list of DOs and DONTs was regularly sent to employees, along with health advice in the form of common suggestions on maintaining good immunity levels through recommended nutritional supplements and vitamins. In continuation of the previous year's initiative, the materials were circulated through various print and online formats. Employees were encouraged to share them as widely as possible so others could benefit from the vital information. Realizing that many employees might need an informed source for allaying concerns, an inquiries email, covid19@juhayna.com, was also established. In order to extend awareness and adherence to Covid-19 preventive measures for both employees and business visitors to any of the company facilities and offices, a network of internal signage ensured that messages were placed throughout all business premises relaying policies for maintaining social distancing, encouraging more frequent handwashing and sanitizing, the importance of avoiding physical greetings and direct contact and vigilance in keeping at least a one-meter distance from one another. Based on its concern for the extended community's wellbeing and protection, Juhayna continued its shared value programs initiated the previous year with the onset of the pandemic as an established social responsibility mission.

MANAGEMENT DISCUSSION & ANALYSIS

MAIN CHALLENGES AND GROWTH FACTORS

Juhayna drew on its strong business experience and team collaboration and was able to sustain impressive growth during 2021 while navigating a global environment faced with multiple issues and challenges. Following up on the market upheaval created by Covid-19, a big challenge was imposed by increased freight costs and global supply chain disruptions, leading to delays in receiving raw and packaging materials. Profitability margins were impacted by the increase in the cost of commodities, which was handled in part through negotiations for locked-in pricing contracts by the supply chain team. A factor mitigating the challenges included increased sales volumes, reflecting improved consumer purchasing power. Counteracting these challenges, the company maneuvered strategically to create new revenue sources. Market analysis of consumer trends and demands led to the development and launch of new products with higher profit margins, particularly the Flavoured Greek Yoghurt range and the Plant-based Dairy (Nuts & Grains) segment. Both segments saw strong sales returns after their launch.

Overall productivity was boosted through a performance optimization process, which increased cross-functional communication and more efficient team alignment and collaboration through regular daily and weekly meetings, making the team more flexible and agile during these turbulent times. In addition, the company launched five innovative marketing and advertising campaigns in 2021 to introduce its new product segments, promote its current products, and communicate Juhayna's new brand identity of being more youthful and modern. Overall, through its concentrated performance optimization efforts, solid marketing, and new product launches, the company saw its revenue reach 8.8bn, increasing by 17% y-o-y. Sales growth throughout 2021 mainly was volume-driven, a testament to the robust consumer demand recovery witnessed in the period. Due to the company's cost optimization strategy and deleveraging efforts, net debt decreased from EGP 781mn in FY20 to EGP 294mn in FY21. For FY21, net profit amounted to EGP 526mn, realizing an impressive increase of 23%.

BOARD OF DIRECTORS

Changes to the Board of Directors were approved in the Ordinary General Meeting, held in November 2021.

AHMED EL-WAKIL
CHAIRMAN OF THE BOARD OF DIRECTORS

- Previously appointed as an independent non-executive Board Member in January 2021.
- President of the Egyptian Chamber of Commerce in Alexandria.
- President of the African Chambers of Commerce, Agriculture, Industry, and Professions.
- Owner and Chairman of the Board of Directors of Wakalex, a leading Egyptian import/export and manufacturing company.
- Previous Member of the Board of Trustees of the General Authority for Investments.

AMR MADANY
EXECUTIVE BOARD MEMBER

- Joined Juhayna Food industries in 1998.
- Moved up within the organization in leadership roles in Procurement, Supply Chain, and Export departments.
- Became Director of the Fruit Juice Concentrate Business Unit (El Marwa Food) in 2012.
- External Markets Director since 2020.
- Board Member of Bonyan for Real Estate.
- Holds a Master's degree in Business Administration from ELSCA.

JAN ANDERS LINDGREN
NON-EXECUTIVE BOARD MEMBER (INDEPENDENT)

- Joined Juhayna Food industries in June 2021 as a Non-Executive Independent Board Member.
- Tetra Pak Kenya Managing Director and Regional Leader for Marketing from 2006 till 2011.
- Tetra Pak Egypt Managing Director and Regional Leader for Sales Development from 2006 till 2011.
- CEO Safa Group, the largest steel roofing company in Africa, from 2020.

HEBA THABET
NON-EXECUTIVE BOARD MEMBER

- Non-Executive Member of the Board since 2006 and Head of Business Development.
- Handled Marketing and Communication projects for the company from 2001.
- Member of the Business Advisory Board for IFE Egypt, the International Public Relations Association, and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

MARIAM THABET
NON-EXECUTIVE BOARD MEMBER

- Non-Executive Member of the Board since 2010.
- Previously Assistant Procurement Manager for the Group.

MESHEAL AL-DOGHIEM
NON-EXECUTIVE BOARD MEMBER

- Appointed Non-Executive Board Member in November 2021.
- General Manager Al-Doghiem Bakery since 2015.
- Founder and owner of Al-Doghiem Real Estate Agency since 2017.
- Co-founder of 7 Lakes Real Estate Agency since 2017.

MAHMOUD ABD EL-WAHAB
NON-EXECUTIVE BOARD MEMBER

- Appointed as a Non-Executive Board Member in November of 2021.
- Executive Vice Chairman and CEO of Academic Bookshop Company
- Board Member of Mitterandian Publishing Services.
- Board Member of the Scientific Center of Documents and Information at Cairo University.
- Member of Culture and Publishing Committee at the Ministry of Culture.

PHARON INVESTMENT LTD

MAINTAINING A STRONG FINANCIAL POSITION

Juhayna successfully weathered challenges presented during 2021 in a business climate slowly recovering from the impact of COVID-19. Disruption in global supply chains had a considerable effect on delays in delivering raw materials and consumables and increased freight costs. Despite these obstacles, Juhayna's diversified product portfolio, flexible business model, and prompt response to the crisis, which ensured no interruptions to manufacturing and distribution during the crisis, saw the company deliver revenues of EGP 8.8 billion for the year. Throughout the year, Juhayna's ability to swiftly respond to changing market dynamics by promptly optimizing volumes and price points coupled with the rollout of multiple targeted consumer promotions saw the company defend and grow its market shares across key product segments. More specifically, Juhayna successfully maintained its market leadership in the milk segment over the last twelve months and increased its market share in the plain yogurt, juice, and flavoured milk sub-segments. Top-line growth in the fermented segment was supported by introducing the Flavoured Greek Yoghurt range as the company capitalized on the growing popularity of the line. This is particularly impressive when considering the ever-increasing competition the company has faced across its portfolio in recent years. Overall, the company maintains a solid financial position, with a liquid balance sheet thanks to its strict cost control measures and a continued focus on efficient working capital management. Throughout 2021, the company continued to maintain a tight rein on CAPEX outlays, which was maintained at EGP 300 million for the year, with spending mainly directed towards factory and distribution maintenance. In parallel, management continued to optimize its working capital management, with inventories days on hand decreasing to 51 days in 2021 from 69 days a year ago. Meanwhile, days payable outstanding stood at 27 days as of 31 December 2021. Combined, this saw the company's cash conversion cycle narrow to 33 days in 2021 from 47 days as of year-end 2020. Finally, the company's net debt decreased to EGP 294 million as of 31 December 2021 from EGP 781 million as of year-end 2020, reflecting a massive drop of 62%. Looking ahead, management is confident that the strong fundamentals underpinning Juhayna's market coupled with the steady recovery in demand witnessed across the company's entire product roster will help drive a return to its historical growth trajectory in the coming year. As such, management's priorities for the next twelve months remain unchanged. In the short term, the company's main priority will remain to support a full recovery in volumes through a combination of targeted marketing campaigns and the rollout of innovative, high-margin products. At the same time, management will continue to push forward with the company's strategy aimed at driving cost efficiencies, optimizing operations, and comprehensively redeveloping the company's brand identity to cater to a new generation of consumers without losing touch with Juhayna's decades-long history. Management will also focus on growing its third-party distribution business by providing Tiba's quality delivery services to other FMCG providers. To this end, in 2021, Tiba will look to secure more deals as the company works to diversify, strengthen, and regulate this new revenue stream.

OUR STRATEGY

Throughout the year 2021, Juhayna remained committed to its five-year strategy, drafted in 2018, focusing on innovation, performance, and reach. As the market recovered from the effects of the global Covid19 pandemic in 2021, Juhayna made sure to take advantage of the positive social and economic developments in its business ventures. As a result, Juhayna achieved excellent sales growth, reflecting a sound strategy that considered consumer behavior and preferences in light of the easing of pandemic restrictions and the gradual return of normalcy to everyday life.

PRODUCT AND BRANDING INNOVATION

Juhayna's loyalty to the principle of continuous innovation was reflected in 2021 when it introduced several new products. The Nuts & Grains segment was a well-received innovation that fulfilled growing consumer demand for healthy dairy alternatives. In addition, Juhayna managed to capitalize on the strong market position of its Greek Yogurt segment by launching the Flavoured Greek Yogurt range with four different SKUs, which proved successful.

CURRENT SEGMENTS

Juhayna's investment in new products has not taken away from its dedication to upholding the highest quality in its existing segments. The innovations of 2020 set the tone for even more significant innovations in 2021, like introducing the "skimmed" SKU of the lactose-free milk, relaunching the Vanilla and Caramel Mix Milk, and adding four different fruit flavours to the Greek Yogurt range as described above.

In 2021, Juhayna remained at the forefront of creativity, adding improvements to maintain its strong market position. The Juice and Happy Kitchen segments saw a complete packaging revamp with relevant marketing campaigns. Further, Juhayna introduced the sour cream packaging upgrade, which created a premium look appealing to a higher market segment. All these changes have contributed to raising Juhayna's brand equity.

PERFORMANCE OPTIMIZATION

Juhayna faced many challenges in 2021, ranging from global supply chain disruptions to the rising price of commodities. Despite these global hardships, Juhayna achieved excellent growth results in 2021.

This was achieved, in part, by focusing on updating the working capital policy, including the introduction of more efficient inventory management systems. The company's financial performance excelled due to a conscious and strategic reduction in capital expenditure coupled with a remarkable net debt reduction of 62%.

Furthermore, in 2021, management adopted and implemented a strategy to improve cross-functional communication by introducing more regular weekly and daily meetings within the departments. This resulted in greater alignment between the different teams at the company and increased collaboration and overall efficiency.

Kaizen project was a successful example of this strategy, as it generated over 700 ideas, out of which 100 were implemented. This resulted in annual savings of EGP 50 million and improved OEE (overall equipment efficiency) across all factories by 3-5%. This increase in efficiency has enabled Juhayna to reduce manufacturing expenses by cutting manufacturing time.

The Egyfood factory, in particular, showed excellent results, increasing its output by 15% during the month of Ramadan compared to the previous year.

Finally, Juhayna has committed to improving the efficiency of its material utilization. This led to a substantial reduction in scrap and associated losses, amounting to EGP 10 million compared to the previous year.

WORKING CAPITAL

31 December 2020 and 31 December 2021. Further, the company's cash conversion cycle fell by 14 days to 33 days due to decreased inventory levels, which fell by (-18 DOH) y-o-y, as management sought to lower its debt and financing expenses during that period. The cash conversion cycle was also decreased thanks to a slightly lower receivable DOH (-0.2 DOH) during that same period, as the company continued implementing its cost-optimization strategy.

As mentioned hereinabove, the updated working capital strategy aimed to increase inventory management efficiency. While Juhayna's profit margins were pressured due to the global supply chain issues and price increases, the company successfully maneuvered these difficulties and achieved remarkable growth in 2021. Moreover, Juhayna continued to minimize its cash conversion cycle and improve its payable and receivable days in 2021.

CAPEX AND NET DEBT

overall cost optimization strategy, keeping them at around EGP 300 million during that year. The deleveraging efforts implemented by Juhayna rendered it in a stronger financial position despite the setbacks presented in 2021, decreasing debt from EGP 781 million by the end of 2020 to EGP 294 million by the end of 2021.

THIRD-PARTY DISTRIBUTION

Juhayna continued identifying opportunities to grow its product ranges and reach, along with optimizing the use of its resources to increase profitability. The company remains on the lookout for more agreements that efficiently utilize any excess capacities to maximize its potential. This includes finding ways to open new revenue streams without incurring extra costs while optimizing scheduling arrangements. Juhayna possesses an advanced distribution network for both dry and chilled products that covers all of Egypt's governorates and counts as one of the best in the country. This enabled Juhayna to reach agreements with third parties to fulfill distribution services on their behalf in exchange for a margin of the distributed products. These agreements absorb a lot of the company's fixed costs seeing that they utilize existing vehicles and routes while creating more revenue.

FOOTPRINT EXPANSION

Juhayna's goal is to expand its reach to access more consumer segments. As such, 2021 saw concerted efforts by the company to increase its export capabilities. This strategy included the renewal of several certifications that enabled exporting to countries previously not part of the network; these certifications are ISO 22000, FSSC 22000, and BRC certifications. These additional efforts helped the company to export to several new countries, including UAE, Belgium, Congo, Czech Republic, France, United Kingdom, Guinea, Iraq, Italy, Comoros, Liberia, Mauritania, Netherlands, Oman, Saudi Arabia, Sudan, Senegal, Somalia, and the United States of America. In conclusion, 2021 saw a remarkable expansion in Juhayna's reach and elevated its international status as a company with a global network. Juhayna aims to continue growing both in knowledge and in reach by continuing to develop its portfolio, targeting a diverse international audience.

MANUFACTURING & SUPPLY CHAIN

OUR PLANTS

MILK FACTORY – EL MASREYA

El Masreya was acquired by Juhayna in 2005 and is now the company's center of operations for milk production. The plant employs 365 individuals and uses advanced technologies that include TBA-Edge packaging technology, which preserves the quality of its products.

JUICE FACTORY – EL DAWLEYA

El Dawleya was inaugurated in 2009 and has grown to become one of the largest industrial complexes in Egypt and the MENA region. El Dawleya is fully-automated, employs technologies that specifically aim to minimize waste production, and is home to a high-bay warehouse that increases efficient and practical storage and lowers operating costs. Juhayna produces and packages its fresh juices and drinks ranges at the plant, with 240 employees now responsible for maintaining steady operations.

YOGURT FACTORY – EGYFOOD

EgyFood specializes in the production of Juhayna's yogurts and yogurt drinks. The 6th October City-based plant was inaugurated in 2014 and covers an area of over 35,000 sqm to accommodate the rising demand for Juhayna's yogurt products. EgyFood employs 322 individuals across its operations.

CONCENTRATES FACTORY – EL MARWA

Established in 1998, El Marwa specializes in the treatment of fruits to produce concentrates and pulps. To manufacture its products, the factory utilizes top-tier global technologies and quality control systems, including the Hazard Analysis Critical Control Point (HACCP). El Marwa distributes its concentrates locally and globally to 25 countries across four continents and employs 169 individuals across its operations.

2021 OVERVIEW

In a year that presented multiple challenges and major disruptions to the global supply chain, the supply chain team managed to maneuver many of these disruptions without any effect on the supply to the market or associated drop in market share, and has successfully achieved a 15% increase in productivity. This can be attributed to several factors, not least being the implementation of an Integrated Business Planning process, that has facilitated interaction and communication throughout the company. Juhayna was able to capitalize on increased consumer interest in new product lines, and production facilities increased efficiency by upgrading packaging systems and streamlining production processes. Despite increases in the cost of raw materials, the supply chain team was proactive in securing pricing agreements, including those for packaging, to ensure that the company faced no delays in meeting its production targets. Global certification added recognition and value to several plants within the group, with plans to include more factories in the coming period. The department activated the Kaizen project by generating ideas from employees to fuel collective value addition and continuous improvement. The Continuous Improvement program generated more than 700 ideas. Almost 100 ideas were implemented out of these, leading to an annual saving of EGP 50mn. This also included fully implementing the 5S system, which emphasizes visual and spatial influence to organize workspaces. As such, the manufacturing and supply chain departments successfully supported day-to-day processes and new launches while implementing optimization plans that positively impacted production, resources, and costs. In general, the departments' annual results were improved in 2021 in most specified key performance indicators (KPIs).

QUALITY CERTIFICATIONS

EL MASREYA FOR DAIRY PRODUCTS

Recognition of steps taken by El Masreya for Dairy Products to ensure the highest food processing and packaging standards came with its Grade A certification of Brand Reputation Compliance (BRC), an internationally recognized accreditation for best practices in the food industry that boosts consumer confidence and can expand business opportunities. Known for having stringent worldwide standards for food safety at every stage of the food supply chain, BRC has set the benchmark for industry compliance and global guidelines. It is one of the important certification schemes recognized by the Global Food Safety Initiative (GFSI).

EL DAWLEYA FOR JUICE PRODUCTS

Already the holder of top-level local and global industry certifications, including FSSC 22000, ISO 14001, OHSAS 18001, and ISO 50001, El Dawleya earned new certificates in 2021 including, upgraded Food Safety System certification 22000 version 5.1, and Halal certifications.

EL MARWA FOR CONCENTRATES

El Marwa Plant successfully obtained three site authorizations from new companies to supply them during the year. The three companies, Froneri, Suntory, and Orana, authorized our sites and systems compliance after random inspections of our factories, checking for quality, machinery, and workforce standards, and ensuring that we follow social and environmental sustainability guidelines.

MEETING THE CHALLENGES

Looking ahead at 2022, the biggest challenge looming looks to be the inflation in commodity prices and the consumer reaction to increased prices. With global instability showing no immediate signs of abating, it is still not clear when prices will normalize. Coupled with this, logistics challenges are becoming more complex and unpredictable. Planning to meet contingencies and maintain production flow is at the forefront. However, the supply chain team has exerted all efforts to maneuver these challenges, following up on their productive steps during 2021.

UPGRADING TECHNOLOGY FOR IN CREASED EFFICIENCY

With demand for milk and yougurt rapidly increasing, plans are in place to install new processing technology and equipment to add more efficient lines for both segments in El Masreya and Egyfood plants to increase production capacity steadily.

INTEGRATED BUSINESS PLANNING (IBP)

Juhayna migrated from the sales and operations planning (S&OP) process to the integrated business planning (IBP) process in 2020, a longer-term approach to mapping out the company's goals and identifying the financial and operational requirements needed to achieve them. Under the new system, Supply Chain creates sales forecasts every quarter and collaborates with Manufacturing to identify required supply, capacity, and other related needs.

SUCCESS STORIES IN 2021

Achievements made by the Manufacturing and Supply Chain department generated excellent results and led to the setting of new goals.

- The Continuous Improvement program generated more than 700 ideas, out of which nearly 100 were implemented in ways that led to cost reductions amounting to EGP50 mn. To acknowledge the contribution of ideas by the employees, a “Shokran Campaign” was organized to thank them for their efforts.

- The successful launch of two new product lines, N&G (Nuts and Grains plant-based milk) and GYF (Greek Yogurt with Fruit) showed impressive sales and quickly gained market share. The new, attractive sour cream packaging was also met with a positive consumer response.

- El Masreya Plant saw a 10% decrease in both DPMU (Defects Per Million Units) and CPMU (Complaints Per Million Units), alongside a 10% increase in both OOE (Overall Equipment Efficiency) and Productivity per Ton/Employee.

COST REDUCTION, OPERATIONAL OPTIMIZATION, AND INCREASED EFFICIENCY

Building on the efforts expended in 2021, there was an improvement of 3-5% across all factories in the OEE (Overall Equipment Efficiency) that enabled us to reduce the manufacturing time and lower the manufacturing expenses. The improvement in the EgyFood Factory specifically allowed us to secure a 15% capacity increase over Ramadan vs. the previous year. This led to a reduction in Scrap and Losses by 10 million EGP. Despite the instability and volatility in prices and logistics, the Supply Chain team was able to push back 80% of RM and PM price increase requests and secure production requirements in time to maintain production flow. Already reflecting positive results in diverse areas, the Continuous Improvement program is ongoing and anticipated to deliver further benefits.

Juhayna
CARING EVERYDAY since 1983

LINES OF BUSINESS

DAIRY

EGP4,346mn

14% YoY

Juhayna has been leading the packaged milk market in Egypt for decades and has successfully maintained its position throughout 2021 with a 58% market share of plain milk and 57% of flavored milk. In total, Juhayna's dairy segment has shown a y-o-y growth rate of 11%, resulting in net revenue of 4.3 billion in 2021.

The company strategically benefited from the economic recovery after the global Covid19 pandemic, regarding consumer consumption and spending patterns, by vigilantly watching market trends and adapting accordingly. In addition, the performance optimization strategy successfully implemented throughout 2021 was a significant growth factor as well. The process focused on raising cross-functional communication and teams' alignment through instituting regular weekly and daily meetings, resulting in increased collaboration and overall efficiency optimization. As for brand and product innovation, Juhayna prides itself on its successful launches of new products and ranges in 2021, contributing to revenue growth, particularly in the dairy and yogurt lines of business.

2021 NEW DAIRY PRODUCTS

As a part of its brand innovation strategy, Juhayna introduced the first skimmed lactose-free milk in the market in 2021, repositioning itself once again as a brand that mixes modernity and innovation with core values. The new product was a success over the year. It provided for the growing consumer demand and tendencies towards healthier low-fat products, taking over around 40% share of the lactose-free milk market. The new SKU capitalized on the success of Juhayna lactose-free milk range, first introduced in 2020, achieving a 60% growth rate for the range. Additionally, Juhayna re-launched its Vanilla and Caramel flavored milk (Mix brand) upon the customers' preference requests. The product quickly made its mark in the market and was well received.

2021 MARKETING CAMPAIGNS

On the marketing front, the company launched several innovative campaigns to promote new and current dairy products. A campaign was launched in October 2021 titled "Every drop is natural -كل نقطة طبيعية" to assuage the consumer's misplaced concerns that the products' long shelf life indicates the use of preservatives. The campaign aimed to fix that misconception by creatively communicating the manufacturing process and ultra-heating technology used to ensure that Juhayna dairy products are 100% natural and do not contain any preservatives. The digital and outdoor campaign proved successful and was an important growth factor for the dairy line in 2021. Juhayna has also capitalized on the recovery of out-of-home products post-Covid19, which were negatively affected by the Covid19 lockdowns. As the Covid19 measures eased and the market gradually recovered, Juhayna released a digital ad titled "Mix is always better –طول عمر ميكس أجمد" introducing and promoting its re-launched vanilla and caramel flavored milk. These campaigns have also reflected the fresh look of the 2019 packaging revamp and communicated Juhayna's new brand identity of being more youthful and modern. Additionally, the growth of e-commerce and online grocery shopping has been undeniable, particularly in light of the Covid19 pandemic. For this reason, Juhayna exerted focused efforts in 2021 to establish itself on digital platforms, which proved to be successful distribution channels. This further strengthened Juhayna's reputation with younger tech-savvy crowds and has reflected significant increases in growth rates. Juhayna continues to expand its digital and online presence on multiple platforms to reach its customers more efficiently.

HAPPY KITCHEN SEGMENT

Juhayna's Happy Kitchen segment includes Juhayna's cooking products, namely the Cooking Cream, Sour Cream, Whipping Cream, and Tomato Puree. These high-quality products are free of preservatives and add wholesome flavor to the cooking experience.

In 2021, the Happy Kitchen segment also saw a complete revamping of its packaging in order to align with Juhayna's rebranding strategy applied in the milk, yogurt, and juice segments. Market research has shown a very positive reception of these changes by the target audience, which further solidifies Juhayna's strong position in the market.

The new packaging chosen for the Happy Kitchen segment as part of Juhayna's new brand identity reflects a more modern and youthful look that appeals to younger consumers and widens the customer base. The sour cream packaging has also been upgraded from a plastic cup format to a tub format, which gives it a more valuable and luxurious appearance.

NUTS & GRAINS (N&G)

PLANT-BASED SEGMENT

Juhayna takes pride in launching its Nuts & Grains segment in 2021. The new plant-based segment is a prominent brand innovation in alignment with Juhayna's core brand values and unique brand identity. The success of this innovative range speaks for itself. When recent global trends showed growing tendencies for dairy alternatives and healthy nutritional products, Juhayna rapidly introduced its N&G segment and managed to lead the market with a plant-based milk range that is healthy and uniquely flavored. The new N&G Segment includes five vegan plant-based natural products. Each product exhibits a unique flavor composition; almond, coconut, oat, soy, and hazelnut. In the span of 2021, Juhayna led the plant-based milk market, positioning itself as one of the strongest market players. The range was well-received in the market with powerful growth potential.

N&G MARKETING CAMPAIGN

Juhayna launched a widespread digital and outdoor marketing campaign to introduce and promote the new segment. This was further supported by in-store branding to catch consumers' attention and encourage them to try the new products. The significance of this new product segment is not only in its high profitability but also in its appeal to A-class consumers, raising Juhayna's brand equity as a result. Egyptian consumers liked what Juhayna offered, and they appreciated the diversity of the segment and the uniqueness of its flavors. This segment provided the Egyptian market with innovative quality products unmatched by any local competition. The company plans to capitalize on this momentum with more products for this segment in the future.

JUICE

EGP1,616mn

21% YoY

In line with its established strategy of advocating for juice as a healthier alternative to instant and fizzy drinks, Juhayna has continued its marketing and branding efforts for the juice segment in 2021. Over the past year, Juhayna maintained a strong market position for the juice segment, with a market share of 25% and the highest y-o-y growth rate (30%) within its segments, despite the fierce competition in the segment.

MARKETING CAMPAIGNS IN 2021

In 2021, Juhayna completed the juice range rebranding and packaging revamp and launched two marketing campaigns to promote the new look and the health benefits of Juhayna's juice products.

A new look, a sweeter taste "شكل جديد أكيد ألذ" campaign included digital ads, outdoor billboards, and in-store branding to promote the new revamped packaging of the "Juice" range. The campaign proved successful and was coupled with an outdoor and in-store campaign for the "Pure" juice range, which continued to hold its dominating market position in 2021.

The marketing campaigns further elaborated on the recovery of normal lifestyles. The ads showed various outdoor situations and environments with people gathered and consuming different juice products. The success of these campaigns is evidenced by the excellent growth rates achieved.

2021 OVERALL PERFORMANCE OF JUICE

The juice segment marketing campaigns and packaging revamp yielded excellent results, reflected by the highest y-o-y growth rate of 30% across all segments. This was also attributable to the market recovering from the Covid19 pandemic, which had affected the sales of out-of-home products such as single-serve juice packs. As lockdown restrictions eased and a more normal lifestyle resumed, sales for such products recovered. Juhayna expects to continue harnessing the increased popularity of its juice products generated by the new branding and revamped packaging.

YOGURT

Juhayna's yogurt segment has continued to lead the market over the past year, with an outstanding performance in 2021. Both spoonable and drinkable yogurt segments have maintained their strong market positions with market shares of 28% and 50%, respectively.

EGP2,383mn

22% YoY

In particular, the drinkable yogurt segment saw a strong recovery in 2021 due to the gradual decrease of the Covid19 pandemic lockdown measures. As the lockdowns eased and traffic returned to the streets, the need for small-sized, on-the-go SKUs increased again. The new flavored Greek Yogurt segment launched in 2021 was a valuable brand innovation that contributed significantly to the Greek range sales, achieving an excellent overall y-o-y growth rate of 159%.

GREEK YOGURT RANGE

Juhayna continued building and growing its Greek Yogurt range, first introduced to the market in 2020 with seven plain low-fat SKUs. The range has been well-received by the market from day one and has become a market leader due to its authenticity and quality. Despite its higher price, the range has rapidly gained a remarkable market share over the year.

LAUNCH OF FLAVORED GREEK YOGURT

Capitalizing on the plain Greek yogurt's huge success and guided by the surge in popularity of flavored Greek yogurt abroad, Juhayna released flavored Greek Yogurt in April of 2021, in line with its mission to introduce health-focused products into the market. The range is made from natural ingredients, is gluten-free, and offers 30% of the daily protein intake recommendation per serving. Juhayna's new brand image appears youthful and modern and reflects healthiness, one of Juhayna's core brand values. The flavored Greek Yogurt range includes 4 SKUs covering four different flavors: Mixed Berries, French Vanilla Beans, Peach, and Strawberry. Since its launch, flavored Greek Yogurt has become a market success and, in a short time, has grown to represent almost 50% of Greek Yogurt sales, boosting the Greek Yogurt contribution to c.10% of the spoonable yogurt segment.

FLAVORED GREEK YOGURT MARKETING CAMPAIGN

Juhayna marketed its new flavored Greek Yogurt range through a digital and outdoor advertising campaign that is young, fresh, and colorful, appealing to a modern, youthful audience. The campaign emphasized that the four new SKUs are high-protein, gluten-free, all-natural, and free from any preservatives. It positioned Juhayna Greek Yogurt products as authentic and set them apart from competitors. The high nutritional value and superior quality further cemented the range's leading position in the market.

CONCENRATES

EGP185mn

21% YoY

FOCUS ON EXPORTS

In light of the solid performance of Juhayna's concentrates in foreign markets over the past years, management chose to further grow the export business in 2021, to capitalize on the recent success of concentrates exports and the potential for more growth in that direction. Additionally, exports are a means for Juhayna to secure much-coveted foreign currency, enabling it to ensure its production operations efficiently. As a result of prioritizing concentrates exports over the year, exports made around 85% of total concentrate sales in 2021, up from approximately 60% in 2020. However, this slight shift in strategy, focusing on concentrates' exports, has not hindered Juhayna's fulfillment of the local market requirements. Instead, Juhayna chose to strategically allocate its resources to pursue further growth in foreign markets. While Juhayna's concentrates and purees are exported to approximately 25 countries in the EU, GCC, North Africa, and Central and North America, Juhayna still fulfilled all its local concentrates demand in 2021, and the segment continued to have a solid reputation in the local market that grew steadily over the past few years.

OVERALL PERFORMANCE OF CONCENTRATES

Juhayna's adjusted strategy has yielded positive results during FY2021 partly due to increased demand following the easing of lockdowns and Covid19 measures in Europe and the MENA region. The segment sales growth clearly reflected this rise in demand in neighboring markets during 2021. Overall, Juhayna's concentrates segment has seen visible growth in Q2 and Q3 of 2021, while Q1 and Q4 were relatively slower due to decreased demand. The growth in Q2 and Q3 resulted from the rise in demand for citrus concentrates, which make up approximately 50% of the segment's total sales.

DISTRIBUTION

EGP244mn

29% YoY

Juhayna's distribution network is one of the best in the country, spanning all 27 governorates in Egypt, and its sales and distribution results continued to be impressive throughout 2021. This success is due to Juhayna's use of advanced technologies, creative solutions, and exceptional team working in sales and distribution. Juhayna's subsidiary, Tiba for Trade and Distribution, handles distribution activities, which delivers the company's own refrigerated and non-refrigerated products across the country and third-party distribution services for Arla and Rabea Tea products. Juhayna aims to continue its expansion strategy in 2022 by providing third-party distribution services to more companies.

TRADE AND DISTRIBUTION (TIBA)

Tiba was established in 2005 to ensure that Juhayna's products are handled and delivered with the utmost care and quality. This also confirms that Juhayna is entirely self-reliant in its distribution network, with rare use of outsourced vehicles. The subsidiary uses a route-to-market (RTM) model that is a hybrid between direct and indirect vehicular distribution models, optimizing full and frequent coverage of all channels. Currently, Tiba holds the largest privately-owned dry and chilled products transportation fleet in the country and ranks as the third-largest owner of a transportation fleet in the FMCG business. Tiba's commercial KPIs measure the company's coverage, strike rate, distribution Must Stock List (MSL), visibility, drop size, sales volume, value, and market share, continuously reflecting operational excellence and efficiency. Its efforts are also bolstered by its technical, marketing, market research, and fintech partners, who provide insights and solutions that assist the company in maintaining its success and upgrading its operations when necessary.

THIRD-PARTY DISTRIBUTION

In addition to providing distribution services for Juhayna's products, Tiba maximizes the use of its fleet by striking partnerships with manufacturers looking to benefit from the company's quality delivery services. In 2015, Tiba became the sole distributor for the Danish Arla's products in Egypt, including Puck, Dano, Lurpak, and Castello. In 2020, the company signed an agreement with AMS Baeshen & Co. to distribute Rabea Tea products across Egypt.

In the aftermath of the Covid-19 pandemic and the rise of online grocery shopping, Juhayna has capitalized on the spread of e-commerce and online shopping trends over the past year. These initiatives have yielded excellent results, as some of the country's leading wholesale food and grocery B2B ordering platforms have successfully become new distribution channels.

Tiba's goal is to grow and expand its third-party distribution agreements by offering its services to other FMCG providers whose product portfolio aligns with the company's warehouses and fleet specifications. The expansion will lead to the absorption of fixed costs incurred by the company's distribution efforts; and optimization of the distribution efforts. As such, Tiba aims to diversify, strengthen, and regulate this new revenue stream by fully utilizing its capacity.

ADDITIONAL INITIATIVES

Juhayna fully brands Tiba's fleet to communicate different messages based on the company's needs at the time. In 2020, trucks and vans were utilized to promote protective and hygienic behavior against coronavirus. They were also used to announce the launch of the company's new Greek Yogurt line. Furthermore, Tiba supported the launch of Juhayna's community program, ElCommanda, which aims to provide underprivileged individuals with employment as delivery drivers in underserved areas.

REACH AND FOOTPRINT EXPANSION

In light of Juhayna's plan to increase its reach and introduce more consumers to the brand, it is growing its regional footprint across high-growth markets by increasing its exports.

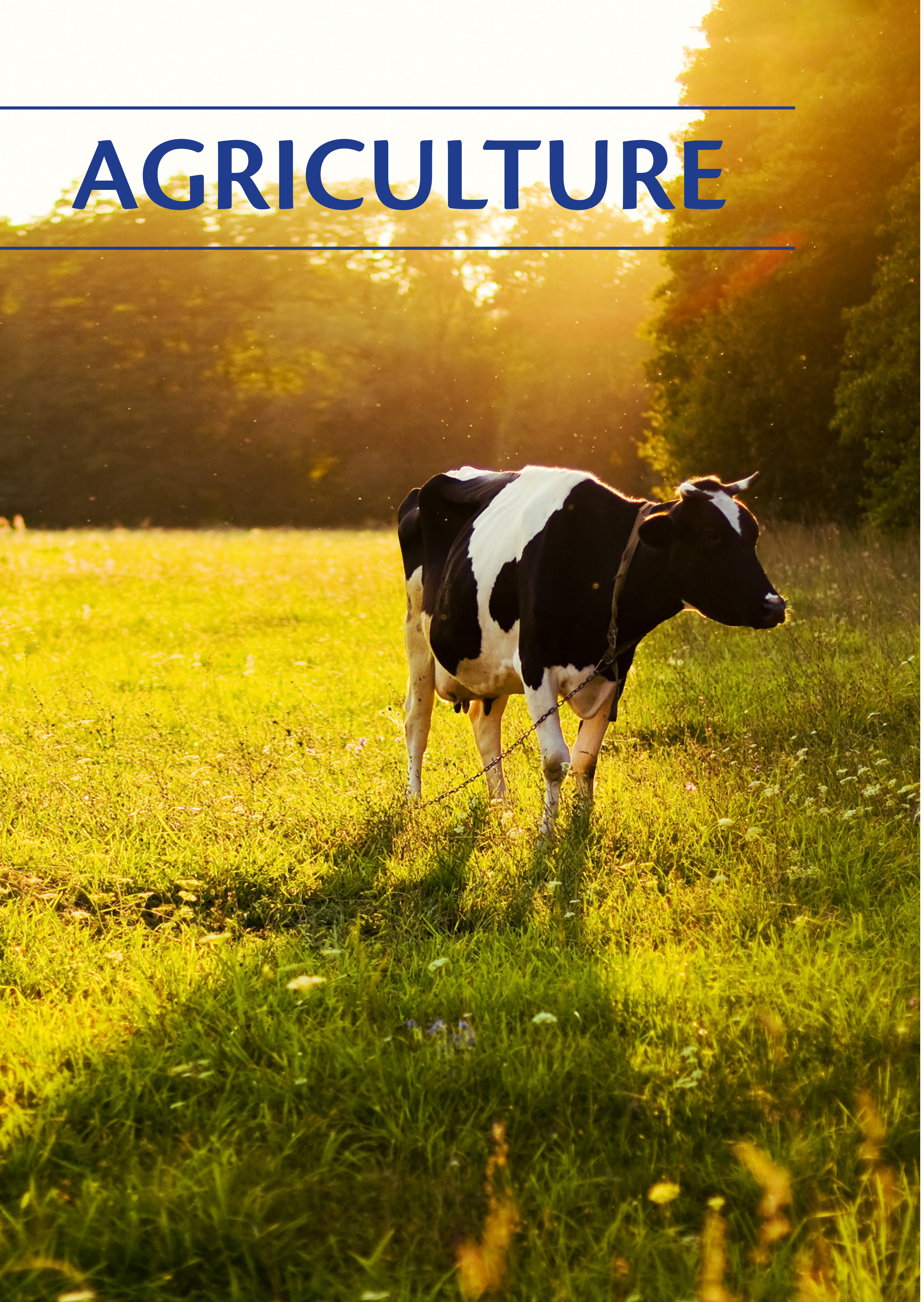
The company aims to achieve this without incurring significant investment costs in manufacturing and distribution capacities on the back of its solid operational strengths, well-established networks, and regularly growing knowledge, expertise, and innovative strategies. As the company's optimization strategies continue to prove successful in its current areas of operations, it seeks to transport this know-how to newer markets, thus establishing solid bases for its diversified portfolio to create new revenue streams.

As part of that strategy, Juhayna has successfully exported its products to several new locations during 2021, which include: UAE, Belgium, Congo, Czech Republic, France, UK, Guinea, Iraq, Italy, Comoros, Liberia, Mauritania, Netherlands, Oman, Saudi Arabic, Sudan, Senegal, Somalia, and the USA. Juhayna also renewed the following certifications during the year: ISP22000, FSSC 22000, and BRC certificates.

+1,000 Fleet	**38** Distribution Centers*	**120** Sub-Depots
22,300pp Storage Capacity	**+3,000** Sales Representatives	**+136,000** Points of Sale

*29 owned by Juhayna and rest by third-party distributors.

AGRICULTURE



EGP32mn

-34% YoY

Juhayna established Al-Enmaa for Agriculture Development in 2008 and Al-Enmaa Livestock in 2015 to streamline its cultivation, reclamation, and dairy farming practices, as well as to increase vertical integration and regulate the supply of quality milk used to manufacture its dairy products.

In 2020, the company decided to divest from most of its agricultural land and further expanded its investments in technology upgrades across its dairy operations. It now serves as a center for knowledge transfer to local farms across the country.

CROP FARMING AND RECLAMATION

Despite its earlier decision to decrease its crop farming activities, Juhayna continues to utilize technologically advanced and sustainable farming methods to keep its remaining land and sell its harvest to local suppliers. In 2021, Juhayna's farming lands reached 801 hectares of orange farms, 1050 hectares of palm farms, and 675 hectares of wheat farms.

DAIRY FARMING

Juhayna continues to invest in upgrading operational procedures, machinery, and herd care practices at Al-Enmaa Dairy. The private operation, located in Al-Wahat al-Bahareya in Mandisha, has achieved a remarkable y-o-y increase of 17% in milk production, which made up about 15% of Juhayna's dairy needs in 2021. Al-Enmaa Dairy is also a part of Juhayna's "Kafa'a," a nationwide farming inclusion program launched in cooperation with the European Development Bank (EBRD). Kafa'a serves as Juhayna's dairy supply network; through it, Al-Enmaa has upgraded its practices to include better parlors and machinery for increased herd care. The farm also transfers knowledge to local dairy farms through the program to help them improve sustainable practices and resolve critical challenges. Juhayna's herd size reached 6,700 in 2021, with 550 acres of land in use. In 2021, Juhayna conducted upgrades in its parlor system and feeding system.

SOLAR ENERGY

15.6% of Al-Enmaa's electricity needs in 2021 were obtained from solar energy generated by its state-of-the-art 1 MW solar energy station By 2022.

Established through a cooperation agreement with KarmSolar, the station improved the farm's sustainable performance and energy savings. It also supplies the private sector with energy per the Purchase Power Agreement Juhayna has entered.

CREATING SHARED VALUE

Juhayna believes in sustainable growth that considers the company's stakeholders, its environment, and its mission. As such, Juhayna has adopted the Creating Shared Value ("CSV") strategy, which comprises three main pillars at the center of Juhayna's core values: people, planet, and purpose. Juhayna's CSV aims to create a mutually beneficial situation by employing economic and social strategies that foster growth and value creation. As a member of the United Nations Global Compact ("UNGC"), Juhayna conducts its operations according to the ten principles of the UNGC. The company also aims to comply with the United Nations' seventeen Sustainable Development Goals ("SDGs") by engaging in multiple CSV projects that touch many lives. Juhayna's dedication to giving back to the community continued in 2021 with the launch of several new initiatives. This reflects Juhayna's commitment to acting socially and environmentally responsible while focusing on value-creation instead of just profits in the strict sense of the word.

WOMEN AND YOUTH

BAHEYA FOUNDATION

Juhayna has been the first and main sponsor of Baheya Foundation for early detection and free treatment of breast cancer since 2015, as part of its commitment to support women and improve the healthcare sector. Juhayna is proud of the efforts of this organization and is glad to maintain to sponsor Baheya during the past year. The hospital has received more than 200,000 women to date, and Juhana continues to support the opening of its new branch in Sheikh Zayed to reach even more women.

SEHETAK FEL ELBA DEH

This initiative aimed to inform consumers about the safety of packaged daily products while promoting healthy living to improve public health standards. The campaign successfully shifted customer perceptions of loose milk and encouraged a switch to safer packaged products. As a result, bottled milk consumption rose in 2021 to reach a 50/50 situation, which is quite an achievement compared to only 38% in 2015.

FOOTBALL EXPO

Juhayna also sponsored the Football Expo in 2021 based on its belief that young people hold the key to a better future. Juhayna is committed to supporting youth to channel their energy to reach their full potential and believes sports are a great way to achieve that. Football Expo is the largest sporting event for football fans, and it helps youth realize their passion while giving them a chance to shine. Juhayna believes in enabling youth by giving them new opportunities by connecting promising young players with influential athletes and creating a forum where the impact of sports on the community can be discussed. Through this event, Juhayna hoped to help youth discover their unrivaled power and harness it for a better future. Juhayna will maintain its strong commitment to youth development through sports.

HEYA EL COMMANDA

Heya El Commanda is a project that aims to empower women and support them in their daily lives, particularly in disadvantaged areas in Upper Egypt, including El Minya and Beni Suef. The project was launched in July 2021 and included training sessions offered to women addressing product description, pricing, and handling.

ENHANCING WOMEN WORKPLACE INCLUSION (IN COOPERATION WITH IFC AND AMCHAM)

Juhayna's dedication to empowering women does not stop at slogans and marketing campaigns but focuses on concrete solutions. As such, Juhayna committed to a Pledge in 2021 to showcase its commitment to supporting women's recruitment, retention, and career advancement. IFC and Amcham will evaluate this commitment in June 2022, and Juhayna is expecting to receive a certificate of recognition for its efforts as "An Employer of Choice for Women" and will be featured in World Bank Group communications and social media campaigns.

ELIMINATION OF VIOLENCE AGAINST WOMEN

The UN celebrates 16 days of Activism against Gender-Based Violence annually as part of an international campaign that begins on November 25th, the International Day for the Elimination of Violence Against Women, and ends on December 10th, which is Human Rights Day. Juhayna hosted sessions in 2021 in cooperation with the National Council of Women to raise awareness on the topic.

The sessions aimed to discuss the classification of violence against women: physical, psychological, and verbal, while also shedding light on the legal penalties for domestic violence. Further, the sessions highlighted the governmental efforts to provide services to women who have experienced or are undergoing violence at home or in the workplace.

ENACTUS

Enactus is a non-profit that aims to develop the skills of the next generation of entrepreneurial leaders and social innovators. In July 2021, Juhayna sponsored Enactus for the 13th time as part of the company's commitment to youth. Juhayna also gave out Sustainability awards for the various teams working in the non-profit. The company strongly believes that young people are tomorrow's leaders and must be supported on their journey to self-realization. The competition included 8000 students, 150 projects, and 66 teams. Juhayna rewarded those teams who were able to integrate sustainability principles into their projects, confirming the importance of sustainable growth and the role of the youth in creating a better tomorrow.

VOLUNTEERING PROGRAMS

Juhayna's CSV strategy promotes volunteering efforts that allow its employees and stakeholders a chance to contribute to the well-being of different groups of people. The following five volunteering events and activities took place in 2021:

i. Machinery Donation to El Waahat Hospital (May 2021) consists of a CR X-Ray machine donated to promote "Good Health and Wellbeing," which is one of the UN's 17 SDGs.

ii. Donation to Egyptian Clothing Bank (Eid Al Adha – July 2021) by setting up donation boxes across all of Juhayna's premises to allow employees to donate clothes to be sent to needy people.

iii. Baheya (Pink October 2021): Juhayna has taken advantage of the World Breast Cancer Awareness Month to hold its event for Baheya patients in October 2021 under the theme "emotional support" to shed light on the importance of emotional support in accelerating breast cancer patient's treatment and recovery. The activities undertaken by Juhayna in 2021 focused on boosting the morale of cancer patients. This included several activities, such as art therapy sessions by "Estegmam" as well as hair consultancy sessions by "Chi", in addition to skincare sessions by "L'Oreal" and "Areej". Furthermore, Juhayna helped renovate Baheya Hospitalby changing curtains and mirrors to create a lighter, friendlier environment that is more appealing to women. The goal was to lift the patients' spirits and support them during their chemotherapy sessions.

iv. Bank El Dawaa (November 2021): this NGO aims to facilitate personal and pioneering volunteer work to provide medical services and free medication to those in need. Juhayna took part in these efforts by encouraging its employees to donate medicines in donation boxes on Juhayna's premises intended for NGOs to pass them on to those in need.

accelerating breast cancer patient's treatment and recovery. The activities undertaken by Juhayna in 2021 focused on boosting the morale of cancer patients. This included several activities, such as art therapy sessions by "Estegmam" as well as hair consultancy sessions by "Chi", in addition to skincare sessions by "L'Oreal" and "Areej". Furthermore, Juhayna helped renovate Baheya Hospitalby changing curtains and mirrors to create a lighter, friendlier environment that is more appealing to women. The goal was to lift the patients' spirits and support them during their chemotherapy sessions.

iv. Bank El Dawaa (November 2021): this NGO aims to facilitate personal and pioneering volunteer work to provide medical services and free medication to those in need. Juhayna took part in these efforts by encouraging its employees to donate medicines in donation boxes on Juhayna's premises intended for NGOs to pass them on to those in need.

PLANET

Juhayna is dedicated to achieving sustainable industrial practices that align with environmental standards to protect our planet's future. Thereof, Juhayna continuously adjusts its policies and processes in order to become greener.

1. REFORM PROJECT

Juhayna cooperated with Reform Studio to reuse the company's packaging sustainably through upcycling processes. This is part of Juhayna's commitment to reducing waste and promoting smart and creative ways of reusing materials to help create a greener and healthier future. The cooperation was fruitful and resulted in 150 accessories made from upcycled Juhayna packaging. Further, an influencers' campaign was launched to highlight Juhayna's continuous recycling efforts through social media posts that reached 100s of thousands.

2. VOLUNTEERING PROGRAMS

Juhayna was also engaged in volunteering programs that included gardening at Banati (February 2021): an event with gardening activities at Banati's courtyard garden featuring activities and giveaways for kids.

3. REPORTS

a. Sustainability Report
Juhayna launched its second sustainability report in April 2021 to align its operations with sustainable environmental, social, and governance standards. The report was revised and assured by FBRH, a global assurance company, and aimed to track the progress of the company's various sustainability efforts and highlight the need for any adjustments to Juhayna's internal or external policies.

b. Carbon Footprint Report
Juhayna launched its Carbon Footprint Report of 2019 in March 2021. This report tracks the company's impact on the environment and climate and highlights the areas of improvement aiming to reduce CO_2 emissions. The report has been uploaded to the CDP platform, where it received a "C" score, the highest score in the industry in Egypt. As outlined in the report, the goal is to reduce emissions by 15% over the next five years.

4. RECYCLING PROJECTS

A. GREEN PAN INITIATIVE BY TAGADOD

Juhayna has collaborated with Tagadod in a project set to continue into the following year, aiming to find creative and innovative recycling solutions for various materials: from oils to household goods. Juhayna's role in this initiative is to provide gifts for those who contribute to the recycling efforts, such as milk/mix for the back-to-school season.

B. GO CLEAN (SEPTEMBER 2021)

Juhayna celebrated World Clean-Up Day in September 2021 in collaboration with Go Clean. The company encouraged its employees to clean their desks. Go Clean then buys the waste from Juhayna, who subsequently donates the proceeds to charity.

C. SEGREGATED BINS

Juhayna aims to have segregated bins across all its premises to facilitate recycling efforts by specialized companies like Go Clean.

5. ENVIRONMENTAL PROJECTS

A. WATER WASTE TREATMENT

In its continuous efforts to abide by local regulations and increase efficiency in water dependency, Juhayna continued to invest in its factories in 2021. In light thereof, Juhayna cooperated with TIA Germany to purchase construction and operation equipment worth EGP 40 million to effectively treat wastewater in order to conserve one of the most valuable environmental resources. The result is 1 million liters of clean water per day.

B. SOLAR PANELS

In line with a global movement toward increased dependency on renewable energy sources, Juhayna began using solar panels in 2016 to power the Al-Enmaa agricultural farm. As such, Juhayna became the first Egyptian private company to partner with a local solar energy startup, KarmSolar, to run the 1 MW solar station in Al-Enmaa farm Al-Wahat-Al-Bahareyah. By doing so, Juhayna has managed to reduce emissions by approximately 1.62 tons of CP2 per year and decrease its diesel dependency by about 600,000 liters annually.

This innovation is in line with Juhayna's CSV strategy as it increases efficiency by lowering operational costs and concurrently reduces the company's carbon footprint, thereby contributing to a healthier environment.

C. MED TEST II

Juhayna's involvement with the United Nationals Industrial Development Organization (UNDO)'s Med Test II initiative dates back to 2017. This initiative aims to encourage sustainable consumption patterns in the Mediterranean region. This includes sharing best practices in resource efficiency and environmental management systems.

Concretely, Al-Marwa Plant optimized water efficiency leading to a 52% reduction in water use in 2021. Also, energy consumption decreased by about 5% of the baseline consumption. In Al-Dawleya Plant, the water consumption was reduced by 25.3%, representing a total anticipated reduction of around 92.928 m^3 of water per year.

D. E-TADWEER FOR E-WASTE AWARENESS AND RE-CYCLING

In October 2021, Juyahna was awarded a certificate of appreciation for its efforts in collecting 80 laptops as part of the Presidential National Initiative E-Tadweer under the auspices of the Ministry of Environment and the Waste Management Regulatory Authority. According to the Certificate, Juhayna's input has contributed to an approximately 320 kg CO2 emissions reduction. E-Tadweer Misr leads this project as executing partner.

PLANET

PURPOSE

Juhayna's mission is rooted in its commitment to growth and sustainability. These concepts are essential in Juhayna's business culture and strategic decision-making related to innovation, products, programs, and initiatives. Juhayna's goal is to create long-lasting value on the economic, social, and environmental fronts.

In line with its strategic goals, in 2021, Juhayana continued to invest in the Innovation Center's Research and Development Process. The aim is for the R&D teams to conduct research and analysis into potential market gaps or opportunities, present briefings, development, testings, and pitch management proposals to launch and produce innovative products. Moreover, Juhayna sponsored an event in collaboration with the Arab Council of Social Responsibility (ACSR): "Mogtama3i Tech". This event aims to highlight the impact of technology on economic and social development and the SDGs. Juhayna also participated by providing judges and winning an award during the event, which took place on September 6, 2021. Juhayna also conducted several other projects, including "Pro Girls Webinar" and "Mama Fel Shoghl."

CORPORATE GOVERNANCE

AUDITS, DISCLOSURES

INTERNAL AUDITING

Juhayna's Internal Auditing department is responsible for conducting audits and inspections, as well as advising other departments across the company's entire footprint. This includes the company's industrial, commercial, agricultural, and livestock operations, and the central support departments. The department works to ensure compliance with labor laws and regulations, and relevant policies and procedures. It also aims to preserve the company's assets and resources, and maintain the efficiency of its operations. Internal Auditing is a central administration that answers directly to the Chairman of the Board and the CEO. It operates based on resource availability and is guided by an annual audit plan, which prioritizes tasks with relatively high importance as per its potential risks and the frequency of its auditing, in addition to other operations that may be required throughout the year. In 2021, through its close cooperation with the specialized committee mandated with managing the pandemic situation at the company, the department played an integral role in supporting Juhayna during the onset and continuing rise of coronavirus infections in Egypt. To do so, it carried out periodic visits to the company's various locations to ensure that workers follow the precautionary measures imposed by the company to curb the spread of coronavirus. The department's overall responsibilities fall under three distinct categories:

OPERATIONAL AND FINANCIAL AUDIT

The Internal Auditing department performs regular audits on Juhayna's different operational and financial processes and prepares subsequent reports and recommendations.

DIVERSIFIED CONSULTANCY

The department also provides advisory on policies, procedures, and ad hoc solutions across Juhayna's various operations. All recommendations are discussed with the responsible departments, who approve them for implementation within an agreed upon timeframe.

FRAUD INVESTIGATIONS

Any case of fraud is immediately investigated by the Internal Auditing department to acquire evidence, witness reports, and other supporting information. Once fraud is confirmed, the department collaborates with the Legal Affairs and HR departments to follow the suitable course of action. Juhayna encourages its employees to report any wrongdoing or fraud. Its upcoming plans include the installation of a designated system for anonymous complaints, suggestions, and reports on corrupt and criminal behavior. The new system will track each entry till it is resolved and produce reports that assist the department in determining common issues and areas for improvement.

DISCLOSURES AND MANDATES

Juhayna reports on its operational and financial positions in line with the disclosure requirements of the Egyptian Stock Exchange (EGX). The company produces its board report, annual report, and governance report on a yearly basis; its financial and earnings releases on a quarterly basis; and its sustainability report on a biennial basis, all of which are published and announced publicly through its investor relations website. In addition, Juhayna's corporate policy stipulates full compliance with all relevant legislations, laws, and legal annexes in Egypt, as well as the company's own internal requirements for food safety and fraud prevention, employee protection, and environmental protection. The company also operates in compliance with the requirements of its international certifications, as well as in alignment with the global standards and indicators of the UNGC and the UN's SDGs.

INFORMATION SECURITY

Juhayna's bill of material and recipe specifications are protected by top-class safety protocols and restricted access controls. Edits to any of the specifications require management's involvement, as well as the input of the finance department from a cost-evaluation point of view. Information security measures also apply to Juhayna's ongoing marketing innovations and new product releases, which are considered classified information until their release. Zero-tolerance confidentiality agreements are enforced on all involved parties, and no breaches were reported throughout the company's lifetime.

FINANCIALS


WORLD TRAFFIC
Total Orders
13,678
Total Sales
11,892
Total Profit
$6,789
Analysis
10k
8k
6k
4k
2k
0
5.67%
10.75%
35.7 %
16.8%
23.6%

Consolidated Balance Sheet

As of 31 December 2022

	Note No.	31/12/2021 L.E	31/12/2020 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 164 789 327	3 147 991 528
Projects under construction	(13)	73 964 179	160 673 699
Plant wealth - productive	(14-1)	26 073 857	16 486 823
Plant wealth – not productive	(14-2)	23 679 027	22 187 917
Biological wealth	(15)	196 194 420	196 167 984
Investments under joint control (equity)	(11)	15 116 843	14 471 707
Other - long term asset		723 872	732 144
Right to use assets	(29-2)	61 583 843	44 325 662
Goodwill	(34)	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	(17)	879 266 088	873 968 773
Trade and other receivables	(18)	456 020 949	360 164 022
Due from related party	(32- 1)	2 966	-
Cash at banks and on hand	(19)	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	(20)	941 405 082	941 405 082
Legal reserve		688 879 026	637 021 531
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		1 206 348 929	993 211 902
Total equity attributable to the shareholders of the parent		3 167 553 465	2 902 558 943
company		762 819	714 909
Non-controlling interest		3 168 316 284	2 903 273 852
Total equity			
Non-current liabilities	(21)	262 359 916	270 774 821
Long - term loans	(25)	482 730	18 208 729
Other non current liabilities	(29)	109 066 326	108 412 444
Lease contract liabilities - non current portion	(26)	299 908 161	286 882 065
Deferred tax liabilities		671 817 133	684 278 059
Non-current liabilities			
Current liabilities	(23)	70 078 923	50 854 882
Provisions	(22)	273 230 763	276 599 740
Bank credit facilities	(24)	928 212 428	674 165 586
Creditors and other credit balances	(33)	180 249 503	192 929 560
Income tax payable	(29)	28 324 136	23 736 357
Lease contract liabilities- current portion	(21)	139 519 750	329 894 549
Loans-current portion		1 619 615 503	1 548 180 674
Current liabilities		2 291 432 636	2 232 458 733
Total liabilities		5 459 748 920	5 135 732 585
Total equity and total liabilities			

Consolidated Income Statement

As of 31 December 2022

	Note No.	31/12/2021 L.E	31/12/2020 L.E
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	(5)	41 548 292	45 914 514
Selling and Marketing expenses	(6)	(1 340 271 251)	(1084 132 592)
General and administrative expenses	(7)	(272 283 318)	(308 699 973)
Other expenses	(8)	(122 143 862)	(218 615 019)
Results from operating activities		833 920 574	837 424 163
Share in profit /Loss of a company under joint control		645 136	(392 442)
Net finance (expense)	(9)	(68 187 651)	(161 212 082)
Net profit before income tax		766 378 059	675 819 639
Current income tax	(33)	(226 962 845)	(236 359 147)
Deferred tax	(26)	(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)	(35)	0.56	0.46

Consolidated Cash Flow Statement

As of 31 December 2022

	Note No.	31/12/2021 L.E	31/12/2020 L.E
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	(12)	298 553 535	286 329 918
Capital loss	(8)	1 154 821	16 516 151
Amortization of asset right of use (lands)		8 272	8 273
Amortization of animal wealth	(15)	30 080 248	26 583 250
Amortization of plant wealth (productive)	(14-1)	539 464	471 063
Impairment vital assets	(5)	-	289 588
Impairment vital assets write-down		-	(3 179 588)
Changes in investments under joint control (equity)	(11)	(645 136)	392 442
Impairment of Fixed assets & projects under construction		503 366	24 920 137
Impairment of trade and other receivables write-down	(8)	11 917 800	(1 653 387)
Impairment of trade and other receivables	(8)	-	21 691 583
Amortization of right of use asset	(29)	14 765 235	-
Right of use asset interest	(29)	4 398 912	-
Impairment of inventory		1 331 557	11 955 299
Impairment of inventory write-down		-	(2 645 192)
Provision for claims formed	(23)	36 656 195	58 490 324
Herd birth	(15)	(16 133 111)	(15 249 100)
Herd capitalization	(15)	(58 183 714)	(68 520 036)
Loss from selling and death of animal wealth	(8)	-	25 081 483
Loss from calves death		8 296 528	
Foreign currencies exchange differences	(9)	(1 158 376)	2 660 103
Credit interests	(9)	(20 226 267)	(14 366 296)
Finance interests & expenses	(9)	85 173 382	178 238 481
		1 163 410 770	1 223 834 135
Changes in:			
Inventories	(17)	(6 628 872)	163 189 072
Biological assets- Exiting Agriculture		1 670 557	14 214 138
Trade and other receivables	(18)	(107 774 727)	36 203 700
Creditors & other credit balances	(24)	64 139 830	(21 730 600)
Due from related parties	(32-1)	(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 from operating activities		768 096 649	1146 526 093
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12-13)	(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	(14-15)	(7 335 000)	(35 098 267)
Acquisition of plant wealth unproductive		(11 756 601)	
Proceeds from the sale of plant and animal wealth	(14-15)	36 804 206	62 938 470
Proceeds from the compensation of calves death		6 446 734	-

	Note No.	31/12/2021 L.E	31/12/2020 L.E
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	(22)	(3 368 977)	(122 340 584)
(Payments for) financial lease contract liabilities	(29)	(31 180 667)	(10 976 121)
(Payments for) Bank loans	(21)	(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 (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	(9)	1 158 376	(2 660 103)
Cash & cash equivalents at 1 January	(19)	182 542 538	96 717 667
Cash & cash equivalents at 31 December		453 015 330	182 542 538

Auditors Reports

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

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 April 27, 2021.
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).

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

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the future financial statements are included in the following notes:
- Note (18): 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.

4. Financial instruments
3-4-1 Financial assets
Starting from January 1, 2020, the Group has early adopted the Egyptian Accounting Standard no. 47 (for more details, please refer to note no. 3-17).
A. Classification:
Starting from January 1, 2020 the Group classified its financial assets into the following measurement categories:
- financial assets at fair value through profit or loss or through other comprehensive income, and
- financial assets measured at amortized cost.

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

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

B. Recognition and derecognition:

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

C. Measurement:

On initial recognition, the Group measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.
Embedded financial assets are considered entirely embedded derivatives when determining whether their cash flows are solely payments of principal and interest.

Debt instruments:

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

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

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

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

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.
Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income/(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

d- Impairment:

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

Financial derivatives

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

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

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

Classification as debt or equity

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

Equity instruments

Equity instruments represent any contract that gives the Group the right to the net assets of an entity after deducting all of its obligations.
Equity instruments issued by the Group are recorded at the value of the proceeds received or the net value of the assets transferred, deduct the costs of issuance directly attributable to the transaction.

Financial liabilities

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

Other financial liabilities

The Group has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.
The effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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 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.

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.

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

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

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

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

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

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.

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

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).

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.

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

The group recognize right of use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement in a straight-line basis over the lease term.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the group uses an incremental borrowing rate specific to the country, term, and currency of the contract. Lease payments can include fixed payments; variable payment that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.
At inception, the ROU asset comprises, the initial lease liability, initial direst 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.

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.

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.

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.

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.

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.

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.

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 in 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.

17. Rental income
Rental income from other assets is recognized in other income.

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

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.

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.

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.

22. End of service benefits

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntary according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.
If the benefit is payable for a period of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

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 diary sector

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:

1 - 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.

2 - 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.

3 - 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.

5. Other operating Income

	Financial year ended 31/12/2021	
	L.E	L.E
Export subsidy revenue	27 590 745	21 988 060
Increase in biological wealth due to newborn	1 861 031	4 301 416
Income from leased assets	300 000	3 015 337
Inventory write-down (Reverse)	-	2 645 192
Impairment of plant wealth (Reverse)	-	25 788
Impairment of trade and other receivables (Reverse)	-	1 653 387
Biological wealth write-down (Reverse)	-	3 179 588
Other income	11 796 516	9 105 746
	41 548 292	**45 914 514**

6. Selling and marketing expenses

	Financial year ended 31/12/2021	
	L.E	L.E
Advertising expenses	571 945 872	410 092 922
Salaries and wages	310 538 424	277 147 875
Depreciation	63 174 367	63 719 398
Vehicles expenses	78 135 736	102 799 484
Shipping & export expenses	102 044 628	42 878 144
Rent	13 310 377	7 338 397
Temporary labor contractors	32 528 265	27 032 954
Others	168 603 582	153 123 418
	1 340 271 251	**1 084 132 592**

7. General and administrative expenses

	Financial year ended 31/12/2021	
	L.E	L.E
Salaries and wages	117 148 846	129 014 472
Depreciation expense	18 670 789	16 952 409
Rent expense	14 121 361	12 013 868
Subscription fees and licenses	38 410 278	32 998 499
End of service expenses	16 653 894	43 982 598
BOD bonus (32-2)	1 875 000	11 875 000
Other administrative expenses	65 403 180	61 863 127
	272 283 318	308 699 973

8. Other Expenses

	Financial year ended 31/12/2021	
	L.E	L.E
Impairment in Fixed Assets and Project under Construction	503 366	24 920 137
Impairment in trade and other receivables	11 917 800	21 691 583
Donations	10 493 317	12 309 788
Write-down of inventory value at net realizable value	1 331 557	11 955 299
Capital losses	1 154 821	16 516 151
Real estate tax	2 786 696	3 691 765
Provision for claims formed	36 656 195	58 490 324
Health insurance	41 367 220	32 815 667
Loss from selling and death of animal wealth	8 296 529	24 318 172
Other	7 636 361	11 906 133
	122 143 862	**218 615 019**

9. Net Finance Expense

	Financial year ended 31/12/2021	
	L.E	L.E
Interest expense	(89 572 294)	(178 238 481)
Interest income	20 226 267	14 366 296
Gain from foreign currency exchange	1 158 376	2 660 103
	(68 187 651)	**161) 2 082)**

10 Segmentation report

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

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

10-2 Segmentation reports for the financial year ended 31 December 2020

	Dairy Sector L.E 12/31/2020	Chilled Sector L.E 12/31/2020	Juices Sector L.E 12/31/2020	Concent-rates Sector L.E 12/31/2020	Agriculture Sector L.E 12/31/2020	Undistri-buted items L.E 12/31/2020	Elimination of consolidated transactions L.E 12/31/2020	Total L.E 12/31/2020
Net Sales	3 826 355 703	1 915 800 722	1 362 840 655	153 559 202	48 599 408	188 641 146	-	7 495 796 836
Sales between segments	3 701 507 725	1 443 718 134	1 118 770 377	202 508 243	14 234 125		(6 480 738 604)	-
Other operating income	2 514 209	3 240 502	3 674 189	21 125 809	11 247 634	3 719 729	-	45 522 072
Expenses	(599 966 363)	(705 332 921)	(330 504 027)	(32 090 396)	(90 287 237)	(14 478 722)	-	(1 772 659 666)
Other Information								
Depreciation	109 303 879	79 545 139	61 040 371	27 417 055	6 023 474	-	-	283 329 918
Assets	1 475 856 108	1 389 816 558	882 090 251	455 734 154	820 670 916	111 564 598	-	5 135 732 585
Liabilities	1 001 173 932	567 407 942	340 098 141	274 325 748	49 452 970	-	-	2 232 458 733

11. Invesment

Name of Investee Company	Share Percentage %	Current Assets L.E	Non Current Assets L.E	Total Assets L.E	Current liabilities L.E	Total liabilities L.E	Cost of Investment L.E
Arju Company For food Industrial*	50.75%	16 383 950	-	16 383 950	1 267 107	1 267 107	15 116 843
Balance as of 31 December 2021		16 383 950	-	16 383 950	1 267 107	1 267 107	15 116 843
Arju Company For food Industrial	50.75%	15 956 384	15 225	15 971 609	1 499 902	1 499 902	14 471 707
Balance as at 31 December 2020	15 956 384	15 225	15 971 609	1 499 902	1 499 902	14 471 707	

12. Fixed Assets

Description	Land	Buildings & Constructions	Machinery & Equipment	Transpor-tation & Transport	Tools	Empty Plastic, Containers	Display Refg.'s	Wells	Office, furniture & equipment	Computers	Total
Cost as at 1/1/2020	230 115 820	1 636 986 742	2 451 430 912	299 272 328	134 407 488	66 503 158	95 023 301	44 367 340	34 297 522	128 977 568	5 121 382 179
Additions of the year	396 968	6 033 193	153 333 818	53 862 402	15 017 694	11 037 941	4 241 391		1 002 149	6 148 837	251 074 393
Disposals of the year	(45 648 512)	(4 751 207)	(72 979 449)	(27 979 033)	(1 476 767)	(8 154 428)	(17 472 548)	(4 577 740)	(1 275 266)	(1 295 519)	(185 610 469)
Transfer of assets held for sale during the year	-	-	(3 291 662)	-	-	-	-	-	-	-	(3 291 662)
Cost as of 31/12/2020	184 864 276	1 638 268 728	2 528 493 619	325 155 697	147 948 415	69 386 671	81 792 144	39 789 600	34 024 405	133 830 886	5 183 554 441
Additions during the year	3 770	11 088 715	199 689 652	48 212 776	13 479 222	12 554 574	16 772 090	-	1 399 207	17 032 655	320 232 661
Disposals during the year	(1 367 244)	-	(17 611 453)	(1 750 000)	-	(9 841 210)	(979 702)	-	(2 562)	(82 607)	(31 634 778)
Transfer of assets held for sale during the year	-	-	4 024 565	-	-	-	-	-	-	-	4 024 565
Cost as of 31/12/2021	183 500 802	1 649 357 443	2 714 596 383	371 618 473	161 427 637	72 100 035	97 584 532	39 789 600	35 421 050	150 780 934	5 476 176 889
Accumulated deprecia-tion as at 1/1/2020	-	208 485 293	1 102 501 445	164 320 187	74 050 178	39 317 549	88 132 504	11 732 008	19 415 702	107 038 666	1 814 993 532
Depreciation of the year	-	34 767 219	175 735 480	30 715 165	13 096 990	12 247 486	5 619 013	1 606 954	2 677 943	9 863 668	286 329 918
Accumulated depreciation of disposals of the year	-	(631 576)	(36 797 929)	(24 181 523)	(504 566)	(8 154 424)	(17 313 595)	(2 061 311)	(725 232)	(1 152 352)	(91 522 508)
Accumulated depreciation as of 31/12/2020	-	242 620 936	1 241 438 996	170 853 829	86 642 602	43 410 611	76 437 922	11 277 651	21 368 413	115 749 982	2 009 800 942
Depreciation of the year	-	34 909 764	185 684 110	30 660 580	13 475 251	13 667 144	4 534 777	1 489 983	2 629 560	11 502 366	298 553 535
Accumulated depreciation of disposals of the year	-	-	(10 442 022)	(425 628)	-	(9 841 210)	(979 702)	-	-	(62 358)	(21 750 920)
Accumulated deprecia-tion as of 31/12/2021	-	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
Fixed assets impairment as of 31/12/2021	(10 354 591)	(132 189)	(14 067 296)	-	-	-	-	(229 929)	-	-	(24 784 005)
Net book value as of 31/12/2021	173 146 211	1 371 694 554	1 283 848 003	170 529 692	61 309 784	24 863 490	17 591 535	26 792 037	11 423 077	23 590 944	3 164 789 327
Impairment of fixed assets 31/12/2020	(10 354 591)	(132 189)	(15 045 262)	-	-	-	-	(229 929)	-	-	(25 761 971)
Net book value as of 31/12/2020	174 509 685	1 395 515 603	1 272 009 361	154 301 868	61 305 813	25 976 060	5 354 222	28 282 020	12 655 992	18 080 904	3 147 991 528

13. Projects under constructions

	31/12/2021 L.E	31/12/2020 L.E
Buildings and constructions in progress	6 657 139	5 570 405
Machineries under installation	24 998 166	144 895 978
Generators	-	2 530 613
Advance payments for purchase of fixed assets	41 818 946	4 949 848
Computer software	489 928	2 700 055
Lake	-	26 800
	73 964 179	**160 673 699**

14. Plant wealth
14-1 Plant wealth - productive

	31/12/2021 L.E	31/12/2020 L.E
Cost at the beginning of the year	**18 487 577**	**612 045 14**
Additions during the year	10 126 498	4 441 965
Cost at end of the year	**28 614 075**	**18 487 577**
Less:		
Accumulated depreciation at beginning of the year	(2 000 754)	(1 529 691)
Depreciation during the year	(539 464)	(471 063)
Accumulated depreciation at end of the year	**(2 540 218)**	**(2 000 754)**
Net	**26 073 857**	**16 486 823**

14-2 Plant wealth – unproductive

	Fruits Tree	330 projects	Project 190	Total
Balance at 01 January 2021	**138 104**	**17 109 221**	**4 940 592**	**22 187 917**
Additions	3 522 476	4 744 466	3 489 659	**11 756 601**
Transferred to plant wealth (productive)	-	(10 126 497)	-	**(10 126 497)**
Reclassification	(138 994)	-	-	**(138 994)**
Balance at end of the year	**3 521 586**	**11 727 190**	**8 430 251**	**23 679 027**

15. Biological wealth

	biological wealth (Flock of dairy livestock - productive)	biological wealth (Flock of dairy livestock - unproductive)	31/12/2021	31/12/2020
Amount of flock of livestock at the beginning of the year	171 942 722	73 072 251	245 014 973	236 439 784
Adding:				
Addition during the year	-	7 335 000	7 335 000	2 868 851
Transferred from projects under construction	-	-	-	12 221 834
Transferred from biological wealth (Flock of dairy livestock - unproductive)	65 677 969	(65 677 969)	-	-
Births of flock				
Female	-	10 076 111	10 076 111	9 992 400
Capital cost during drying -off	-	58 172 901	58 172 901	62 870 062
	237 620 691	**82 978 294**	**320 598 985**	**324 392 931**
Biological wealth sales	47 785 258	11 372 944	59 158 202	71 933 366
The death of live stock losses	6 972 655	2 038 461	9 011 116	7 444 592
Cost of flock of livestock as of the end of the year	**54 757 913**	**13 411 405**	**68 169 318**	**79 377 958**
Accumulated depreciation	**182 862 778**	**69 566 889**	**252 429 667**	**245 014 973**
Beginning of the year	48 846 990	-	48 846 990	41 318 270
Depreciation of the year	30 080 248	-	30 080 248	26 583 250
Accumulated depreciation of disposals of sales case	(20 293 031)	-	(20 293 031)	(17 029 211)
Accumulated depreciation of disposals of death case	(2 398 960)	-	(2 398 960)	(2 025 320)
Accumulated depreciation as of end year	**56 235 247**	**-**	**56 235 247**	**48 846 989**
Net amount of flock of livestock as of end year	**126 627 531**	**69 566 889**	**196 194 420**	**196 167 984**

16. Tax status

16.1.Holding Company

2. Corporate tax

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

The period from the beginning of operation till year 2009

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

Years from 2010 till 2013

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

Years from 2014 till 2018

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

Year 2019 - 2020

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

3. Payroll tax

The period from the beginning of operation till year 2010

The tax inspection performed, and differences settled.

Year 2011/2016

The tax inspection performed, and differences settled.

Year 2017/2019

The company prepare for tax inspection.

Year 2020

Not asked for tax inspection

4. Stamp tax

The period from the beginning of operation till 2014

The tax inspection performed, and differences settled.

Year 2015/2016

The tax inspection performed, and differences settled.

Year 2017/2018

The tax inspection is performed and differences settled.

Year 2019/2020

Not asked for tax inspection

5. Sales tax/ Value added tax

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

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

Years 2016 till 2018

The tax inspection is performed and and differences settled .

Years 2019/2020

Not asked for tax inspection

6. Withholding tax

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

Subsidiaries

First: Corporate tax

The Company that benefits form the corporate tax exemption	Tax exemption ending date
Inmaa for agriculture development & biological wealth.	19/03/2021
Inmaa for Livestock.	02/11/2029

The Companies that are not exempted:

Egyptian Companies for Food Industries: -

Inspected from Beginning of its activity to 2012. 2013-2020 in processing.to inspection.

Modern Company for Concentrates: -

Inspected from Beginning of its activity to 2009 the objection was made in legal date to Council of State . Years 2010-2012 the objection was made in legal date. Years 2013–2019 not requested for inspection.

International company for food industries: -

Inspected from Beginning of its activity to 2008. Years 2009-2014 the objection was made and waiting result. Year 2015-2018 the objection was made and waiting result Years 2019-2020 not requested for inspection.

The company enjoys a tax exemption for a period of ten years, starting from the beginning of the fiscal year following the date of the actual production start date, which was determined by the General Investment Authority as of

May 31, 2008. Therefore, the company's profits are exempt from corporate tax from the date of the start of the activity until 31 12/2018 in accordance with the Investment Guarantees and Incentives Law No. 8 of 1997.

-The tax department examined the period from 2009 to 2014 and postponed the exemption until the General Authority for committee opinion about determining the date of the start of the activity. Successively pronounced, the dispute was returned to the Tax Office to decide on the authority's letter. As a result, the point of view of the tax department without giving other reasons other than what was sent to the authority in advance. The dispute was referred to the appeal committees again on March 2, 2022, and no session has been set for it to date.

- It is according to the documents submitted by the company and the inspections that were made by the General Investment Authority in 2008, in 2009 and in 2020, as well as with reference to the proof that the company enjoys tax exemption, which is proven in the company's tax card, and it is proven that the date of the start of production was set on 5/31/ 2008 based on the certificate of the General Investment Authority and the Policy Committee and in reference to the certificate issued by the Authority regarding the company to exemption with Certificate No. 5740 dated 12/24/2008, and the Authority issued two letters No. 6667 on 10/11/2009 and Letter No. 2802 dated 25/3 / 2021 The certificate issued by the authority confirms the company's eligibility to enjoy tax exemption for a period of ten years from the date of the year following the start of production on May 31, 2008.

- So far, no decision has been issued by the appeal committees to decide on the eligibility of the company or not, and that the dispute is only the opinion of the commission. And in the event that the Appeal Committee issues a decision that the company is not entitled to the exemption, the company still has the right to appeal against it before the administrative court in its two stages.

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 the objection was made in legal date. Years 2018-2020 not requested for inspection.

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 2013-2017 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 2018-2019 the declarations were submitted on the legal date and not requested for inspection.

Al Marwa for Food Industries

The company was inspected from the beginning of its operations till 2009 and settled till 2005. Years 2010-2013 the inspection inspected and settled. Years 2014-2020 in processing to inspection.

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Livestock

The company not inspected yet.

Second: Salaries Tax

Subsidiaries	Tax exemption ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting of activity till 2014 and tax settled. Year 2015/2016 Inspection was performed and tax settled Years 2017/2019 not inspected yet.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2018 and tax settled.2019 the inspection not requested Year 2019 not inspected yet.
Tiba for Trading and Distributing	- Inspection was performed from starting of activity till 2015 and differences settled. Year 2016/2019 performed and tax settled.
International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2016 and tax settled Year 2017-2019 waiting for inspection.
The Egyptian Company for Food Industries “Egyfood”	- Tax inspection was performed till 2018 and tax differences settled. Year 2019 not inspected yet
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2018 and tax settled Year 2019 not inspected yet.
Inmaa for Agriculture Development Co. and Biological Wealth	- - Tax inspection was performed and settled till 2010. Years 2011 – 2015 was inspected and settled. Years 2016/2019 waiting for inspection.
Inmaa for livestock	- From the beginning of activity till 2016 was inspected and settled. Years 2017/2019 waiting for inspection.
Inmaa for agriculture	-From the beginning of activity till 2019 was inspected and settled

Third: Stamp Tax

Subsidiaries	Tax exemption ending date
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected the objection was made in legal date.
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2017. Years 2018/2019 current inspect.
International Company for Modern Food Industries	-Inspection has been performed and difference settled till 2018. Year 2019 not inspected yet.
The Egyptian Company for Food Industries “Egyfood”	- From the beginning of activity till 2012 was inspected and settled - Years 2013 – 2017 was inspected and settled.
Modern Concentrates Industrial Company Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Inmaa for agriculture	-Inspection has been performed and difference settled till 2017. Years 2018/2019 was inspected the objection was made in legal date.
Inmaa for livestock	Years till 2019 was inspected and settled. - Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.

Fourth: Value added tax (Sales tax)

Subsidiaries	Tax exemption ending date
Egyptian Company for Dairy Products	- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015 Years 2016/2019 inspected and settled.
Al-Marwa for Food Industries	-Inspected and difference settled 2015 Years 2016/2019 inspected and settled.
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 2018/2019 not inspected yet.
Tiba for Trading and Distribution	-The company submits the sales tax return on monthly basis, inspected and differences settled till 2015. Years 2016/2019 inspected and settled.
Inmaa for Agriculture Development and biological wealth.	- The tax inspection performed till 2014 and differences settled. Years 2015/2019 waiting for forms.
Modern concentrates Industrial Company	-The inspection was performed since beginning of activity till 2013, preparing for tax inspection till 2019.
Inmaa for livestock	-The tax inspection performed from 15/3/2012 till 31/8/2016 Years 1/19/2016 till /2019 not inspected yet.
Inmaa for agricultural reclamation	-Inspected and difference is settled from beginning of activity till August 2016 Years 1/19/2016 till /2019 not inspected yet.
The Egyptian Company for Food Industries “Egyfood”	-The tax inspection performed till 2019

17. Inventories

	31/12/2021 L.E	31/12/2020 L.E
Raw materials	159 043 597	152 410 563
Packaging and packing materials	165 116 180	104 392 404
Finished goods	410 768 122	457 561 289
Spare parts and miscellaneous supplies	82 524 155	79 737 847
Goods in transit - L/C's for goods purchase	61 814 034	79 866 670
	879 266 088	**873 968 773**

18. Trade and other receivables

	31/12/2021 L.E	31/12/2020 L.E
Trade receivables	261 483 258	216 445 863
Less: Expected credit losses	(16 111 442)	(13 469 889)
	245 371 816	**202 975 974**
Note receivables	6 437 500	648 379
Suppliers – advance payments	44 990 987	19 381 202
Prepaid expenses	10 794 098	11 074 597
Export subsidy*	32 402 723	33 696 922
Tax Authority	80 672 197	46 495 494
Customs Authority	3 672 003	4 051 106
Deposits with others	10 600 734	9 284 122
Debtors- sales of PP&E	37 010 000	35 510 000
Other debit balances	12 001 848	15 902 936
	483 953 906	**379 020 732**
Less: Impairment in other debit balances	(27 932 957)	(18 856 710)
	456 020 949	**360 164 022**

* The collection occurred during the year ended 31 December 2021 is EGP 24 883 529 after deducting bank commissions and governmental fees and 60 784 026 during 2020. The company continues to collect the outstanding balance with the Export Development Fund.

19. Cash at bank and on hand

	31/12/2021 L.E	31/12/2020 L.E
Time deposits *	125 000 000	95 233 076
Banks – current accounts	311 777 184	70 617 916
Cheques under collection	-	3 137 987
Cash on hand	2 942 689	1 761 454
Cash in transit	13 295 457	11 792 105
Cash and cash equivalent in cash flow	**453 015 330**	**182 542 538**

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

20. Share Capital

	31/12/2021 L.E	31/12/2020 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	210 379 999
Less:	
i. Nominal value of issued shares with a premium	(205 972 632)
ii. Issuance fees	(38 507 164)
iii.Legal reserve formed to reach 50 % of paid-up capital	(350 398 732)
iv.Difference between the nominal value and the cost of own shares cancelled on 5 February 2012.	(73 580 254)
General reserve	**428 920 330**

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

	Current Portion L.E	Non-current Portion L.E	Total L.E
Commercial International Bank (CIB)	52 500 000	61 561 103	114 061 103
European Bank for Reconstruction & Development	39 269 750	141 111 313	180 381 063
HSBC bank	47 750 000	59 687 500	107 437 500
Balance at 31/12/2021	**139 519 750**	**262 359 916**	**401 879 666**
Balance at 31/12/2020	**329 894 549**	**270 774 821**	**600 669 370**

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

22. Bank Credit facilities
This balance amounted to L.E 273 230 763 as at 31 December 2021 (against L.E 276 599 740 as at 31-December 2020), represents the drawn down portion of the L.E 2.166 billion (of the group) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with collators

23. Provision for claims

Description	Balance at 01/01/2021 L.E	Formed during the year L.E	Used during the year L.E	Balance at 31/12/2021 L.E
Provision for claims	50 854 882	36 656 195	(17 432 154)	70 078 923

24. Creditors and other credit balances

	31/12/2021 L.E	31/12/2020 L.E
Suppliers	485 082 949	447 604 517
Notes Payables	750 000	-
Dividends payable	227 157 853	13 961 437
Accrued expenses	88 013 429	115 123 034
PPE creditors	13 976 201	856 769
Tax authority	30 703 131	22 416 016
Deposits for others	2 216 322	2 492 161
Sales tax installments on the imported machineries and equipment (Note No. 25)	5 031 770	5 834 174
Social Insurance Authority	5 962 130	5 289 770
Due to health insurance	41 268 151	35 191 568
Advances from customers	13 053 931	7 846 177
Other credit balances	14 996 561	17 549 963
	928 212 428	**674 165 586**

25. Other non-current liabilities

	31/12/2021 L.E	31/12/2020 L.E
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 5 031 770 as at 31/12/2021 (L.E 5 834 174 as at 31/12/2020) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	**482 730**	**18 208 729**
PPE purchase premiums	-	-
	482 730	**18 208 729**

26. Deferred tax liabilities

Deferred tax liability amounted to L.E 299 908 161at 31/12/2021 representing net book value of taxable assets and liabilities:

	Balance 31/12/2021 L.E	Balance 31/12/2020 L.E
Deferred tax liability	(4 144 711)	(5 443 057)
Deferred tax asset	(1 463 103)	1 737 533
Deferred asset/ liability (Lease contracts)	(5 607 814)	(3 705 524)
Deferred tax liability from fixed assets	(294 300 347)	(283 176 541)
Total deferred tax liability	**(299 908 161)**	**(286 882 065)**

	Balance on 1/1/2021 L.E	Movement during the period L.E	Balance on 31/12/2021 L.E
Deferred tax liability	286 882 065	13 026 096	299 908 161

28. Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 31/12/2021 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.Deferred tax liability amounted to L.E 299 908 161at 31/12/2021 representing net book value of taxable assets and liabilities:

Subsidiary Name	Contribution % 31/12/2021	Contribution % 31/12/2020	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
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	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
Company under joint control			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

28. Financial instruments

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

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

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

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

Credit risk

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

Trade and other receivables

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

Credit risk

Exposure to credit risk

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

	Note	Carrying Amount 31/12/2021 L.E	 31/12/2020 L.E
Trade and other receivables	(18)	328 479 929	903 845 264

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 273 230 763 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:

	Note	Carrying Amount 31/12/2021 L.E	Contractual cash flows 31/12/2020 L.E
Banks - credit facilities	(22)	273 230 763	(3 368 976)
Total loans	(21)	401 879 666	(198 789 704)
Operating lease – liabilities	(29)	137 390 462	(31 180 667)

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	2 314 014	9 427
Cash at banks and on hand	1 251 249	23 434
Creditors and other credit balances	(7 038 865)	(902 525)
31 December 2021	(3 473 602)	(869 664)
31 December 2020	(10 224 072)	(762 200)

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

	Average Rate		Closing Rate	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
USD	15.74	85,15	15.75	78,15
EURO	18.54	16,18	17.84	36,19

Interest rate risk

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

Capital management

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

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

	31/12/2021 L.E	31/12/2020 L.E
Total liabilities	2 291 432 636	2 232 458 733
Less: cash at bank and on hand	(453 015 330)	(182 542 538)
Net debt	**1 838 417 306**	**2 049 916 195**
Total equity	3 168 316 284	2 903 273 852
Net debt to equity ratio	**58%**	**%71**

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 Period	Purchase Value at end of Contract	Quarterly Installment value
	Contractual value L.E	Accured Interest L.E	Month	L.E	L.E
Contract from 24/3/2016 to 23/3/2025	125 000 000	108 256 482	120	1	5 304 007

vi. 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

	31/12/2021 L.E	31/12/2020 L.E
Liabilities from lease contract current portion	15 587 214	14 225 047
Long-term liability from lease contract non-current portion	56 302 682	71 889 895
	71 889 896	**86 114 943**

Lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	31/12/2021 L.E	31/12/2020 L.E	31/12/2021 L.E	31/12/2020 L.E
Liabilities for one year	15 587 214	14 225 047	5 628 812	6 990 979
Liabilities between 1-5 years	56 302 682	71 889 896	7 345 398	12 974 210

29-2 Operating Lease contract liabilities

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

	31/12/2021 L.E	31/12/2020 L.E
Buildings, Warehouses, and stores	85 039 122	59 247 345
Amortization during the ended period	(23 455 279)	(14 921 683)
Net book value	**61 583 843**	**44 325 662**

During the year ended 31 December 2021 the group has been charged by 4 398 912 as an interest resulted from the renting contracts.

Operation lease contract liability

	31/12/2021 L.E	31/12/2020 L.E
Liabilities from lease contract-current portion	12 736 922	9 481 310
Long-term liability from lease contract non-current portion	52 763 644	36 522 549
Total	**65 500 569**	**46 003 859**

Operation lease contract liability

	Liabilities in present value		Accrued interest	
	31/12/2021 L.E	31/12/2020 L.E	31/12/2021 L.E	31/12/2020 L.E
Liabilities for one year	12 736 922	9 511 310	5 810 498	4 254 794
Liabilities between 1-5 years	45 013 899	33 571 606	12 189 581	7 974 662
Liabilities more than 5 years	7 749 745	2 950 943	636 570	1 403

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 31/12/2021 amounting to LE 31 590 361 and the covered portion reached to be LE.

31. Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 41 083 553 on 31/12/2021.

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 to related parties

	Nature of Transaction	31/12/2021 L.E	31/12/2020 L.E	31/12/2021 L.E	31/12/2020 L.E
Arju Company For Food Industries	Current Account	**2 966**	-	**2 966**	-
				2 966	-

32-2 Board of Director's remuneration

The total allowances received by the board of directors during the year amounted to LE 1 875 000 against L.E 11 875 000 during the year ended 31 December 2020.

33. Income tax – current

	Financial Year 31/12/2021 L.E	Financial Year 31/12/2020 L.E
Income tax at the beginning of the year	192 929 560	103 663 033
Income tax expense	178 627 302	192 965 593
Investment tax on dividends	48 335 543	43 393 554
Taxes paid during the year	(239 642 902)	(147 056 587)
Accrued interest income on the tax advances	-	36 033))
	180 249 503	**192 929 560**

34. Goodwill

	Financial Year 31/12/2021 L.E	Financial Year 31/12/2020 L.E
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	934 433 46	934 433 46
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	956 658 50	956 658 50
	890 092 97	890 092 97

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 1/1/2021 To 31/12/2021 L.E	Financial period from 1/1/2020 To 31/12/2020 L.E
Parent Company's share in profit	526 196 634	428 376 245
Weighted average number of shares	941 405 082	941 405 082
EPS (L.E/Share)	**0.56**	**0.46**

36. Significant events

36-1 Important events during the financial period:

- On January 19, 2021, the Board of Directors was held and accepted the resignation of Engineer / Safwan Thabet from the membership of the board of directors and appointing Mr. Ahmed Elwakeel as a board member. The company's commercial register was amended with changes.
- On February 2, 2021, Mr. Seif Thabet - CFO of Juhayna and Chairman of the Board of Directors of the companies (The Egyptian Dairy Products / The Egyptian Food Industries "Egyfood" / The International Modern Food Industries / Tiba for Trade and Distribution / Al Marwa Food Industries / The Modern Concentrates Industry) was detained for investigations that is related to him in person and had nothing to do with the Group or its business activity
- On February 21, 2021, the Boards of Directors of the following subsidiaries (El Masreya Dairy for dairy product Company , Egyptian Company for Food Industries (Egyfood), International Company for Modern Food Industries (El-Dawleya) , Tiba for Trade and Distribution, Al Marwa for Food Industries, Modern Concentrates Manufacturing Company), were held and Mr. Ahmed Al-Abin was appointed as Vice Chairman having the same powers and terms of references as that of the Chairman and the resignation of Engineer/ Safwan as a BOD member of these companies was accepted .The minutes of the Board of Directors were approved by the General Authority for Investment and Free Zones (GAFI) and annotation was made to the effect of these changes in the commercial register of these companies except Tiba for trade and distribution Company, since this matter requires obtaining security approvals from the National Authority for the Development of the Sinai Peninsula (SDA)as this Company owns a sales branch in Sinai at (Al-Tur City).

- On March 7, 2021, the Board of Directors of Juhayna Food Industries Company formed an committee to take decisions regarding the duties assigned to the managing director .This Committee is comprised of four of the company's general managers ; namely (General Manager of the financial Sector - General Manager of the Logistics Sector - Head of the Off Shore Markets and Export Sector - General Manager of Tiba for Trade and Distribution Company). On 1 September 2021 the General Manager of Tiba for trade and distribution has resigned.

- As of April 2021, the Company encountered the issue of withdrawing the licenses of some cars and vehicles used in transporting its products, and not renewing the expired licenses by the Sixth of October Traffic Department (Giza Governorate). The company took legal measures as a grievance was filed to the competent authorities and the Company resorted to the judiciary - the Court of State Council (by virtue of lawsuit No. 59508 for judicial year No. 75) in order to keep the rights of the company and revoke this resolution taken to the detriment of the company. The cars which ceased to render the transportation service for these reasons until this date reached 409 cars. From the first of February till now the company has licensed 320 cars, the procedures for the rest of the company`s cars are being completed and expected to be done before the end of April 2022.

- On June 6, 2021, the Board of Directors was held to accept the resignation of Mr. Yasser Suleiman Hesham Al-Malwani from the BOD membership and the appointment of Mr. Jean-Anders Lindh Green, a member of the Board of Directors and annotation was made in the Commercial Register to this effect.

- On November 7, 2021 the board of directors of the company formed and the financial statements for the fiscal year December 31,2020 were approved by BOD and reformed, the BOD was approved by the general authority for investment and free zone on December 12,2021.

- On November 7, 2021 the Boards of Directors of the following subsidiaries (El Masreya Dairy for dairy product Company , Egyptian Company for Food Industries (Egyfood), International Company for Modern Food Industries (El-Dawleya) , Tiba for Trade and Distribution, Al Marwa for Food Industries, Modern Concentrates Manufacturing Company), were held and Mr. Ahmed Al-Abin was appointed as Chairman and annoted in the commercial register during March 2022.

- On November 30 ,2021 the board of directors Mr.Ahmed El wakel as non-executive chairman.

- The Company (from the beginning of these events until this date) continues to practice its normal course of business activity including (producing, marketing, selling and distributing dairy products, juices, coolers and distribution to third parties as well as dealing with suppliers, customers, banks, governmental and non-governmental agencies.

36-2 Events following the date of the financial statements

- On February 20, 2022, a board of directors was held, and Mr. Niels Thomason was appointed as a executive chairman of the board

37. Covid-19 effects

The year 2020 witnessed the beginning of the impact of the outbreak of the emerging Corona virus on the Egyptian market, and the Egyptian government announced unprecedented measures to combat the virus infection & its spread.
Juhayna group has formed a risk committee to manage the crisis, and the objectives of this period have been defined in maintaining all employees and securing them from Corona risks, as well as continuing production and sales operations to ensure the provision and delivery of the company's products to the consumer.
Indeed, all risks were studied and evaluated and taken a series of precautionary measures to reduce risks on all employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations) and meeting the needs of the local market in this period.
And there is no effect on the company's current economic situation (its financial position, business results and cash flow).