



Building for a resilient future

Annual Report 2023



Savola Group Annual Report 2023



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Building for a resilient future

Contents

| | | |
|------------------------------|--|--|
| 2 | Highlights of the Year | |
| 4 | Chairman's Statement | |
| 6 | Group CEO's Message | |
| 8 | Group CFO's Message | |
| Savola Profile | | |
| 12 | At a Glance | |
| 14 | Strategy and Business Model | |
| 16 | Our Journey | |
| 18 | Investment Case | |
| Strategic Review | | |
| Food Investments | | |
| 22 | Portfolio Overview | |
| 24 | Savola Foods | |
| 28 | Almarai | |
| 30 | Al Kabeer | |
| Retail Investments | | |
| 32 | Portfolio Overview | |
| 34 | Panda Retail | |
| 36 | Herfy Food Services | |
| Sustainability Review | | |
| 40 | Our People | |
| 46 | Corporate Social Responsibility | |
| 52 | Our Sector | |
| 53 | Our Environment | |
| Directors' Report | | |
| 56 | Board of Directors, Executive Management, Internal Control, Audit, and Risk Team | |
| 60 | Main Activities and Financial Disclosures in accordance with Regulatory Requirements | |
| 76 | Potential Risks | |
| 80 | Governance and Compliance Report and Related Disclosures | |
| 99 | Shareholders' Rights and Investor Relations | |
| 110 | Audit Committee Report | |
| Financial Statements | | |
| 116 | Independent Auditor's Report on Consolidated Financial Statements | |
| 120 | Consolidated Statement of Financial Position | |
| 121 | Consolidated Statement of Profit or Loss and Other Comprehensive Income | |
| 122 | Consolidated Statement of Changes in Equity | |
| 124 | Consolidated Statement of Cash Flows | |
| 125 | Notes to the Consolidated Financial Statements | |



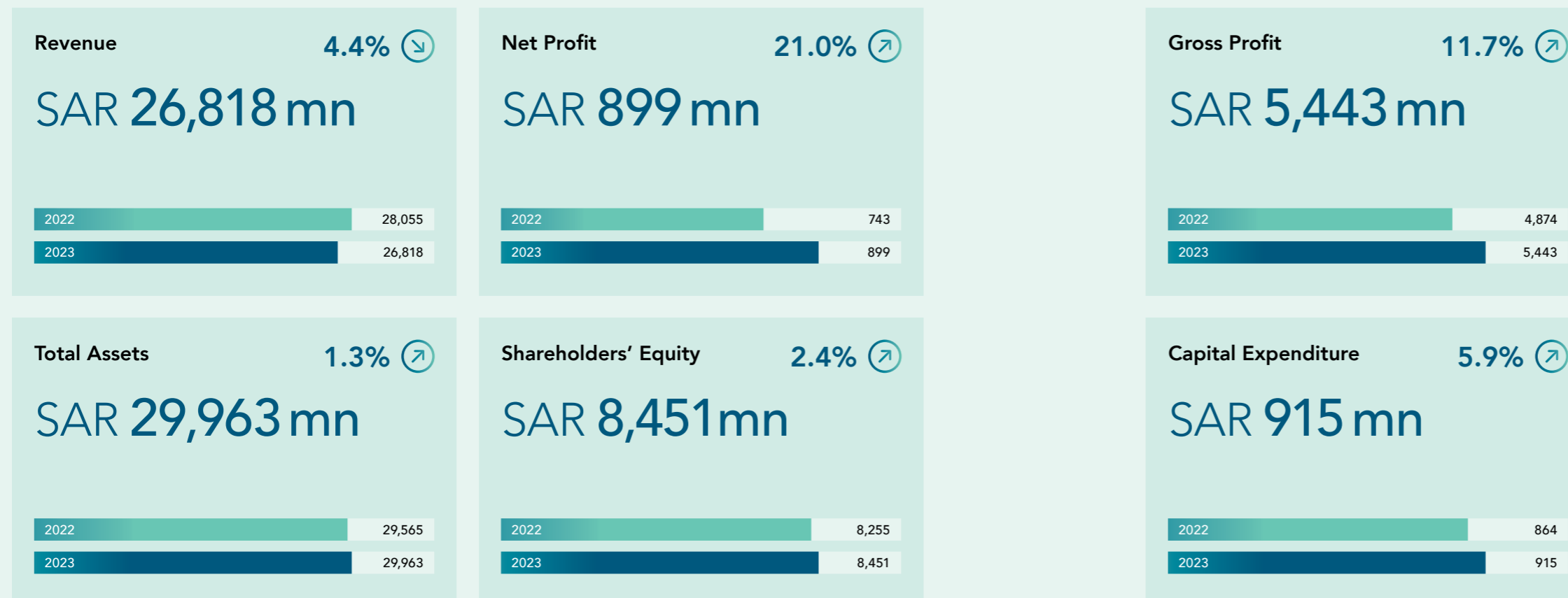
Savola is one of the leading strategic investment holding companies in the MENAT (Middle East, North Africa and Turkey) Region, with a portfolio of leading brands in the food and retail sectors.



HIGHLIGHTS OF THE YEAR

Improved margins across all managed portfolio companies

Financial Highlights



Strategic Highlights



Savola Foods' robust financial results

were driven by enhanced margins and strategic capital reallocation, after divesting underperforming overseas operations.



Panda's return to profitability

was mainly attributed to its successful Customer Experience Revival (CXR) program and ongoing digital transformation.



Distribution of Savola's entire holding in Almarai

will unlock value for our shareholders and strengthen our financial position.



Al Kabeer revenues rose 7%

in 2023 due to volume growth and better pricing in key categories.



Herfy's profit surged 136.5%

in 2023 to SAR 8.39 million.



Savola's 82% employee satisfaction rate

following the Tower survey showed that our people are encouraged to balance their professional and personal lives.



The Savola World Foundation

won the Princess Seetah Bint Abdul Aziz Award for Excellence in Social Work, for its Negaderha Food Waste Management Program.

CHAIRMAN'S STATEMENT

Scaling new heights

As we commemorate the 45th anniversary of our Group, we stand at a pivotal moment, reflecting on a journey that began with a modest initial share capital of SAR 40 million and a dedicated team of 200 in 1979.



Sulaiman A. Al Muhaidib
Savola Group Board Chairman



Net Profit 2023

+21.0%

Total Assets 2023

+1.3%

Shareholders' Equity 2023

+2.4%

Today, we have transformed into one of the MENAT region's preeminent food and retail investment powerhouses, boasting a rich tapestry of household brands, an expansive geographical footprint stretching from Saudi Arabia to the broader MENAT region, and a respectable market capitalization of around SAR 30 billion by the end of first quarter in 2024.

This remarkable evolution comes in line with our strategic directions, continuous efforts to bring success to our effective management of our diverse portfolio in the critical sectors of Food and Retail both within the Kingdom and internationally.

In 2023, our food investment arm showcased exceptional performance, with Savola Foods Company (SFC) registering significant growth across Arabia and Egypt, while Al Kabeer's achievements were magnified by its robust performance in key markets. A pivotal moment for our Retail Investments was Panda's return to profitability, underscoring our commitment to generating long-term value for our shareholders.

Fostering Economic Vision 2030

Aligned with Vision 2030's strategic goals, we recognize the indispensable role of Small and Medium Enterprises (SMEs) in fueling economic growth and job creation. Committed to uplifting the Kingdom's economy, we aim to elevate SMEs' contribution to the national GDP from 20% to 35% by 2030.

As a leading company in the food and retail sectors, we are dedicated to nurturing and mentoring SMEs through our corporate social responsibility arm (Savola World Foundation). Our flagship initiative, "Yumnak," empowers SMEs with the necessary skills and tools for achieving their growth and expansion ambitions.

Separately, we continue to invest in our operations in the Kingdom with expansion of our footprint in retail and increasing our manufacturing and distribution investments in support of our spices and snacking and frozen food operations.

Championing Sustainable Progress

The Savola World Foundation epitomizes our commitment to social responsibility, driving a multitude of initiatives aimed at enriching our communities and preserving our environment. Our efforts span from fostering business growth and promoting sustainability to combating food waste, empowering individuals, nurturing the youth, and supporting the disabled. As the Group's Chairman, I am profoundly proud of our role as a proactive and responsible corporate citizen.

Enhancing Shareholder Value

In early 2024, we announced our decision to distribute Savola shares in Almarai to our shareholders, reinforcing our pledge to directly enhance shareholder value. This strategic move marks a milestone in our illustrious history, offering shareholders firsthand investment in one of the region's most esteemed food brands.

Looking ahead, we remain focused on amplifying the growth of our core businesses, while exploring strategic avenues for maximizing value from our portfolio companies. Our guiding principle is to achieve long term value to our shareholders.

Gratitude and Forward Outlook

On behalf of the Board, I extend my heartfelt appreciation to the Saudi leadership and government for their unwavering support, to our shareholders and stakeholders for their steadfast loyalty during a year of formidable challenges, and to our executive management and dedicated workforce, whose resilience and commitment have catapulted Savola to new peaks of achievement. With a forward-looking perspective, we eagerly anticipate 2024, ready to advance our strategic objectives and continue delivering unparalleled value to all stakeholders.

GROUP CEO'S MESSAGE

Focused on value creation

Savola Group has maintained its upward trajectory and resilience, achieving consistent earnings growth amidst macroeconomic and geopolitical challenges in certain operating regions. Our financial standing has been bolstered, and our market presence in the Kingdom has strengthened. Overseas, we've implemented a prudent strategy with effective risk management, resulting in superior performance. These endeavors align with our mission to enhance value across our food processing and retail operations.



Waleed Khalid Fatani
Group Chief Executive Officer



Our commitment to value creation extends beyond our operations. We are actively exploring avenues to maximize value for all stakeholders, evaluating strategic options to enhance shareholder value.

Robust Financial Performance Underpinned by Strategic Momentum

Our robust financial performance in 2023 was driven by strategic momentum and effective capital allocation. Investments yielded positive outcomes, notably with Panda's turnaround and strong performance from Savola Foods Company (SFC).

Panda's shift to profitability, with a net profit of SAR 47 million compared to a loss of SAR 158 million in 2022, demonstrates positive indication resulted by the strategic direction we have adopted in retail sector. SFC also delivered impressive results, driven by enhanced contribution margins and strategic product mix adjustments. Successful execution in our core markets like Saudi Arabia and Egypt, coupled with a strategic capital reallocation by divesting from underperforming overseas operations, contributed to SFC's overall earnings growth, reaching SAR 452 million, a 12% increase over 2022.

Focus on Innovation

With a focus on resilience, innovation, digital transformation, and sustainability, we will continue to foster the accelerated performance of our businesses in future.

Panda has leveraged its successful CXR investment program to revitalize the shopping experience and is actively advancing its digital transformation. The launch of Panda Plus, its customer loyalty program, enables data capture for targeted and smarter promotional initiatives. Additionally, Panda is implementing an omnichannel strategy to seamlessly integrate physical and digital channels, further solidifying its position as the leading grocery retailer in the Kingdom.

SFC continues to drive product innovation, introducing immunity boosting edible oil products and pioneering sugar innovations like Sweet & Fit.

Furthermore, its nuts, spices, and snacking business has expanded its leadership in the UAE, achieving significant revenue growth and a notable increase in net income, driven by successful new product launches including healthy snack bars. In addition to its focus on B2C offering, SFC has relaunched its B2B platform, Savola Professional, positioning itself as a solution provider for HORECA, food service, and food manufacturing/ingredients customers.

We are committed to sustainability, evidenced by the launch of our edible oil products in biodegradable bottles in the Kingdom. We continue to invest in more efficient and cleaner power sources for select operations and prioritize sourcing raw materials from sustainable suppliers through global partnerships.

Our frozen food platform, Al Kabeer, has revitalized its brand and invested in innovative packaging to meet evolving consumer needs. Additionally, it has introduced new product innovations tailored to a wider Saudi demographic, capturing emerging trends in the market.

People Culture First

We are dedicated to fostering a culture rooted in ethics, values, and transparency. Despite operating in diverse sectors and regions, we uphold consistent standards throughout the Group to achieve collective success. Our employees are indispensable to our daily operations, and as such, we prioritize cultivating an environment characterized by integrity, responsibility, trust, and respect. Through our People Pillars Programs, we ensure a healthy work-life balance and promote shared values among our workforce.

Achieving Strategic Goals for Unlocking Value

We started the year with some ambitious targets across retail, food processing and frozen foods which we have achieved. Our efforts to realize value to our stakeholders is critical to achieve long term success for the Group.

We announced on February 2024 our intention to proceed with the distribution of its entire 34.52% shareholding in Almarai to eligible Savola shareholders following a SAR 6.0 billion rights issue. The objective of the distribution of our 34.5% stake in Almarai is to unlock value for Savola's shareholders, who will benefit from direct exposure to the growth potential and future dividend capacity of Almarai, one of the region's leading food companies.

Almarai has been one of the most successful investments for Savola Group to date. The rights issue will allow Savola to strengthen its financial position and continue to invest in the growth of its portfolio, while paying down debt and enabling the distribution of our entire stake in Almarai to eligible Savola shareholders.

This is another important step in Savola's value creation journey, during which we have established a longstanding track record for executing investments and transactions that deliver attractive returns.

Looking Forward

We prioritize expediting the distribution of Almarai shares to our shareholders as efficiently as possible. We will also continue our strategic focus to grow and optimize our Food portfolio of operating businesses in basic foods and fast-growing value-add food categories, underpinned by their longstanding track record and vast reach within the Kingdom and wider MENAT region. Finally, we are excited about Panda's growth momentum as it charts its own future path as the leading grocery retailer.

Acknowledgements

I thank our customers for their continued loyalty, the Chairman and Board of Directors for their wise counsel and support, the Executive Team for their efforts and hard work, and our workforce for their hard work and dedication.

GROUP CFO'S MESSAGE

Core businesses drive growth

In 2023, we adeptly managed challenges and strategic advancements, achieving a consolidated revenue of SAR 26.8 billion, despite a 4% decrease influenced by market volatility, strategic market exits, and operational suspension in Sudan.

Our focus on strategic growth and operational efficiency, particularly in our key GCC and Egypt markets, remained strong, contributing significantly to our revenue (2023: 84%; 2022: 80%).

In the Retail segment, Panda achieved a pivotal milestone by reaching operational breakeven, complemented by a substantial 60% increase in EBITDA to SAR 774 million. This considerable progress is a testament to the effectiveness of our Customer Experience Renewal (CXR) program. With the opening of new stores and strategic partnerships, Panda is embarking on its growth strategy.

Savola Foods Company has shown resilience and strategic adaptability within a dynamic regional landscape, achieving a solid 21% increase in EBITDA to SAR 1.5 billion. This significant growth was driven by enhanced contribution margins, targeted business-to-business (B2B) initiatives, effective foreign exchange, and commodity risk management practices, achieving unprecedented profits in core markets. Our strategic exits from Morocco and Iraq were aligned with focusing resources on high-potential markets.

Al Kabeer's performance, with a 7% increase in revenue and an 20% rise in gross profit, reaching SAR 714 million and SAR 252 million, respectively, demonstrates the effectiveness of our brand revamp and product innovation in fostering growth and profitability.

We have successfully reduced our net debt to SAR 6.6 billion through operational cash flow and working capital optimization. This financial prudence underscores our commitment to supporting a robust balance sheet and ensuring sustainable growth.

Looking to the future, whilst facing challenges of high finance costs and currency devaluation, we have embarked on a strategic initiative aimed at creating shareholder value, including the distribution of our 34.5% stake in Almarai to our shareholders and a concurrent SAR 6 billion rights issue. This transaction will allow Savola to strengthen its financial position and continue to invest in the growth of its portfolio, while paying down its debt, and requires securing the necessary approvals from the relevant regulatory authorities and from the General Shareholders Assembly.

Savola Foods Company
EBITDA 2023

+21%

Panda Retail Company
EBITDA 2023

+60%

Panda's considerable progress is a testament to the effectiveness of our Customer Experience Renewal (CXR) program.



Wajid Usman Khan

Group Chief Financial Officer



1

Savola Profile

In this section

- 12 Savola at a Glance
- 14 Strategy and Business Model
- 16 Our Journey
- 18 Investment Case



SAVOLA AT A GLANCE

A leader in food and retail

Savola is one of the leading strategic investment holding companies in the MENAT (Middle East, North Africa and Turkey) Region, with a portfolio of leading brands in the food and retail sectors.

Since 1979, Savola has built a reputation for creating “Value Built on Values” through its diverse and expanding portfolio of investments in leading food and retail companies.

Investors across the Kingdom and around the world trust Savola for its strong performance, specialist market knowledge and commitment to sustainability impact through its standalone Savola World Foundation.

We operate a leading grocery store chain in Saudi Arabia, and produce much-loved everyday household products, including edible oil, sugar, pasta, bakery products and frozen foods, for our valued customers in over 50 countries worldwide.

1979

Savola established

SAVOLA WORLD

Commitment to sustainability

Food Investments Portfolio



Our food vertical is made up of a portfolio of investments in large, branded categories across the MENAT region. Savola Foods is a leader in basic branded consumer packaged goods, which are produced in more than 6 countries and exported to over 50 markets. We are proud to say that many of our products are market leaders in their respective categories. Through our commitment to strategic growth, we continue to innovate in our markets, build on our range of established products and diversify into higher-value items.

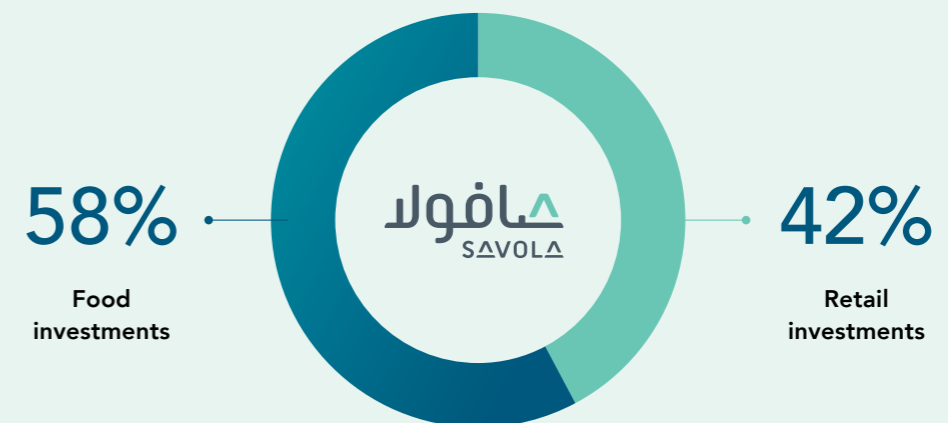
Our long-term strategic investments in the food sector also generate profits for our shareholders. We are the largest shareholder (34.52%) in the leading regional food manufacturer and distributor, Almarai Company, and own a 51% majority stake in Al Kabeer Group of Companies, one of the region’s leaders in frozen foods manufacturing and distribution.

Retail Investments Portfolio



Our retail vertical is headed by Panda Retail, a modern grocery chain in Saudi Arabia with a total of 193 stores (including 5 stores in Egypt), serving more than 95 million customers annually. Panda boasts a proud history, a leading market share and formidable geographic reach.

Our long-term strategic investment in the retail sector consists of a 49% shareholding in Herfy Food Services Company. As such, we remain the largest shareholder in Herfy, one of the leading restaurant, industrial bakery and meat processing businesses in Saudi Arabia.



STRATEGY AND BUSINESS MODEL

A focused model that aims for sustainable growth



Our Strengths

Strategic Focus

Savola focuses its operations on long-term consumer trend-driven lens, aiming to dynamically allocate capital to generate long-term value growth.

Strong Governance Framework

A robust governance and transparency framework, prioritized throughout Savola's history, building shareholder trust.

Infrastructure and Consumer Access

Through our holdings, we possess Saudi Arabia's largest distribution network, retail space and brand portfolio in the country's consumer space and touch millions of consumers across all of our markets.



Our Challenges

Challenging macro-environment in operating countries, whereas a number of countries introduced economic reforms that may have a negative impact on the purchasing power of consumers

Change in consumer behavior, where consumer preferences and tastes may change in a more pronounced manner that may impact current products and business models

Limited number of transactable assets from the perspective of an investment holding whose key directive is to allocate capital

High relative valuation of food assets, in view of scarcity of sizeable assets that fit strategically with Savola Group's investment mandate, as well as other factors including the economic and business cycles and their impact on such assets.



How we Add Value

Leadership and Governance

Savola's focus as a strategic shareholder is to implement best practices across its portfolio to ensure:

- Alignment of incentives among stakeholders; and
- Selection of the right leaders and management teams to deliver on strategic and operational targets.

Setting Targets and Monitoring Performance

Savola is building the tools required for effective performance management across its portfolio. This includes both short-term and long-term operational and financial KPIs, with periodic reviews and a proactive approach that prioritizes the long-term best interest of the business.

Capital Allocation

Savola aims to maximize return on investment by deploying or redeploying capital to enhance shareholder returns and create additional value by gaining access to segments with long-term potential within the consumer space. The primary objective is to generate sustainable excess returns over the cost of capital.

Long-Term Strategic Planning

Savola believes that in addition to managing our capital and operating companies for performance and long-term sustainability at the subsidiary level, our role is to look at our markets, our holdings and our operations with a view to realize our ambition of maximizing our share of consumer spend across our markets profitably over the long-term horizon.



Our Corporate Values

Our values underpin everything we do, they are a blueprint for concrete actions we take as individuals, as a team and as a company, every day.

Personal Values

Tawado: Confident Humility; Having the confidence to perform our responsibilities while having the humility to minimize our ego

It'qan: Relentless pursuit of perfection; The ability, willingness, desire and intention to do our best to ensure that work is completed to the best standards

Azm: Fierce Resolve; Apply what we learn to improve ourselves

Iq'tida: Apprenticeship; To seek out, interact with, and learn from those who are more knowledgeable than us

Group Values

Ihsan Al-Dhan: Trusting; Trusting others intentions without doubting it

Mu'azarah: Caring; Provide support to our colleagues to help enable their success

Qabool: Acceptance; Endure the views of others by going beyond tolerance or acceptance

Iq'bal: Approaching; Improve what we do by using what we have learned from the interaction with others

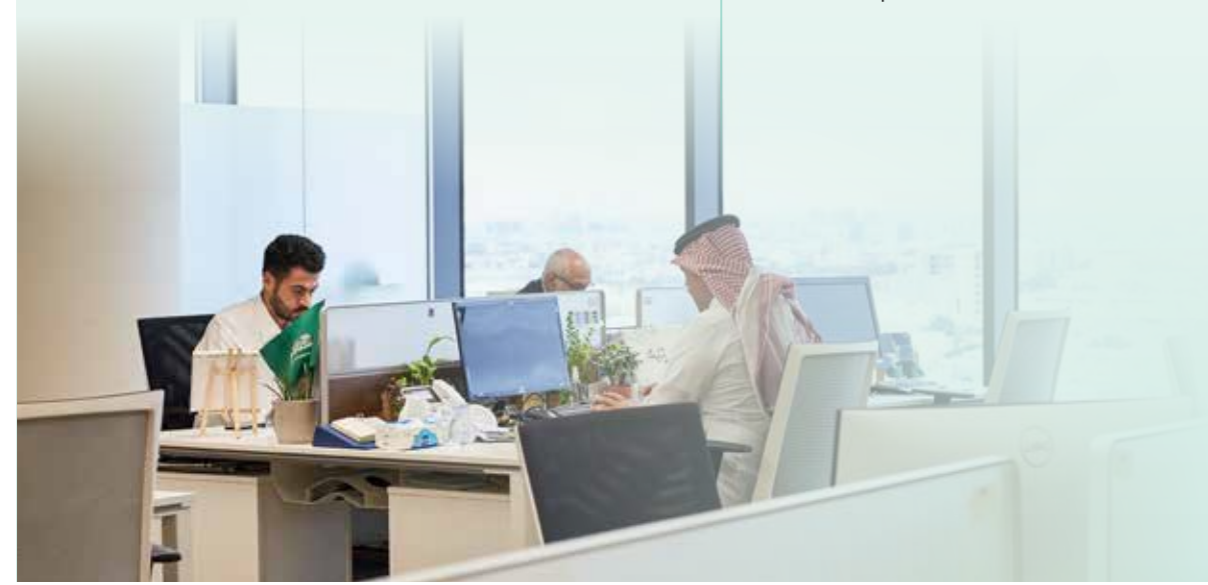
Corporate Values

Taqwa: Conscientiousness; Fulfillment of our responsibility toward external parties

Amanah: Honesty; Is the fulfillment of our responsibilities towards investors

Mujahadah: Personal control; Achieving the personal discipline necessary to fulfill our responsibilities

Birr: Caring Justice; Fulfillments to our responsibility toward our colleagues and the employees of the Company



OUR JOURNEY

Growth and diversification

1979

Savola is established, with a paid-up capital of SAR 40 million and 50 employees.

1981

Savola's edible oil refinery in Jeddah, the first in Saudi Arabia, begins operations.

1982



Launch of Afia premium corn oil. By the late 1980s, Savola captures 70% of the Saudi edible oil market.

1991

Acquisition of a 40% shareholding in Almarai.

1992

Savola becomes a publicly listed company on the Saudi Stock Exchange (Tadawul).

Savola Bahrain and Savola Egypt commence edible oil operations.

1993

Joint venture with Tate & Lyle to establish United Sugar Company, Saudi Arabia's first sugar refinery.

1995

Afia International Egypt is formed through the merger of Savola Egypt and SIME Derby Egypt.

Savola Foods establishes an edible oil factory in Egypt.

1998

Savola enters the retail sector, following its merger with Azizia Panda.

Savola gains a 70% stake in Herfy through the Panda merger.

2003

Savola Foods establishes edible oil businesses in Morocco and Sudan.

2004



Panda launches the Hyper Panda format.

2005

Savola establishes Kinan Real Estate, subsequently divesting 70% through private placement.

2006

Savola invests in King Abdullah Economic City (KAEC) and Knowledge Economic City as a founding shareholder.

2008

Panda acquires Giant Stores and opens its first central distribution center in Riyadh.

2009

Panda acquires Géant Stores operations and expands its network to 152 locations.

2010

Savola launches its first CSR program, 'Makeen', to train and empower people with disabilities.

Herfy is listed on the Saudi Stock Exchange (Tadawul) with Savola retaining 49% of its shares.

2011

Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola 2nd among top-listed companies in the Arab world for governance and transparency.

Savola Foods enters the pasta market by acquiring El Maleka Company and El Farasha Company in Egypt.

2013

Savola's first Sukuk issuance (SAR 1.5 billion). Savola acquires Al Muhaidib's shares in Panda (18.6%) and Savola Foods (10%) in exchange for the issue of 33.9 million new Savola shares through a capital increase to SAR 5.34 billion.

2015

Savola Foods enters the seafood business with global seafood leader, Thai Union, to launch the famous John West brand in 12 markets across the MENA region.

Savola Foods launches Afia Distribution Company in Saudi Arabia.

2016



Savola unveils a new brand identity, symbolizing its evolution to a strategic investment holding company.

Savola receives the Sa'afa Award from the Integrity and Transparency Foundation.

2017

Savola sells a 2% stake in Almarai, as part of its capital re-allocation, whilst remaining the largest shareholder with a 34.52% stake.

Savola ranks top 10 for transparency in corporate governance, environment and social practices in MENA by S&P and Dow Jones indices and Hawkamah.

Savola launches its 2nd CSR program, 'Negaderha'.

Savola Foods commissions a new factory in Jeddah to manufacture specialty fats for the B2B market.

Savola Foods establishes a joint venture in Iraq with Aves to create Bonus Food Company LLC, which is engaged in the refining and packaging of edible oils and vegetable ghee.

2018



Savola acquires a majority stake (51%) in Al Kabeer, one of the region's leading frozen foods companies.

2019

Savola issues the 2nd tranche of Sukuk, pursuant to a new program in an aggregate amount of SAR 1 billion.

Savola among the 31 companies added to MSCI (Morgan Stanley Capital International), as part Tadawul's inclusion into the MSCI Emerging Markets Index.

Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola 4th among top-listed companies in the Arab world for governance and transparency.

2020

Savola named among Top 20 Great Places To Work® in the Kingdom of Saudi Arabia.

Savola ranked top 10 among all non-financial sector companies traded on Tadawul in the Corporate Governance Index (CGI) by Al Faisal University's Corporate Governance Center.

Savola was among the 'Top 100 companies in the Middle East' for 2020 according to Forbes Middle East, ranked 14th in the Kingdom of Saudi Arabia and 39th in the Middle East.

2021



Savola Group joined The Valuable 500 global initiative in 2021, which aims to enhance the inclusion of persons with disabilities through the business sector as a major driver of social change.



Savola Foods acquired 100% of Bayara for USD 260 million, in line with its ABCD growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population. Bayara is a leading company specialized in nuts, spices, dried fruits, and snacks, and is based in the UAE with over 3 decades of success and a wide distribution network across the Middle East and Africa.

2022

Savola Group agrees to sell its shares in Knowledge Economic City and Knowledge Economic City Developers Company Limited to Taiba Investment Company for SAR 459 million.

Savola Foods begins expansion into the bakery category in Egypt by acquisition of bakery assets in line with its ABCD growth strategy.

2023

Savola Foods Co. exited its operations in Morocco and Iraq.

Savola Foods Launched "Bayara World" stores, which are Bayara's retail stores in the United Arab Emirates, and strengthened the range of nuts, spices and legumes in the Kingdom of Saudi Arabia under Savola Foods' flagship brand "Afia".

Al Kabeer rebranded its identity with a new distinguished appealing look and feel.

The Group acquired the minority stake in Panda Retail Co. to become 100% owned by Savola.

INVESTMENT CASE

A unique investment proposition

A leading Saudi investment holding company with diverse investment portfolios of the largest assets and brands in the food production, marketing, distribution and retail sectors, providing our shareholders with exposure to favorable demographics and structural trends in the regions we operate in.



A Regional Leader in Food and Retail



- **SAR 26 billion**
One of the largest food and retail players in the region with an annual turnover of over SAR 26 billion.
- **Forbes Top 100**
Recognized among Forbes Middle East's annual list of Top 100 companies in the region.

- **#1 Staple Food Business**
#1 basic food business in MENAT, Savola has market leading positions and brands across consumer staples and value-added ranges, such as edible oils, sugar, pasta and frozen food.

- **Leading Grocery Retailer**
Leading grocery retailer in Saudi Arabia, Panda has strong brand equity and over 25% market share in the attractive and under-penetrated modern retail space of the GCC's largest market.

- **Largest Shareholder**
Largest shareholder in 2 leading Saudi consumer brands, Almarai and Herfy, as well as popular frozen food brand, Al Kabeer.



Consumer Understanding and Unique MENA Footprint



- **193 Stores**
Dominant retail footprint with 188 Panda and HyperPanda stores across the Kingdom and 5 stores in Egypt, with 95+ million annual transactions and the largest logistics network in Saudi Arabia.

- **Serving 400+ million Potential Customers**
Direct manufacturing and distribution strength in more than 6 countries, with 14 production facilities serving a combined population of more than 400 million.

- **Attractive Exposure**
Attractive exposure to large and growing population base with favorable demographics - more than 50% below the age of 35 years.
- **Extensive Knowledge**
Extensive consumer, market and brand knowledge, successfully leveraged to launch, grow and maintain market-leading positions and products (e.g. Afia, Al Osra, etc.).

- **Customer-centric**
Continuous customer-centric innovation and product development based on deep consumer outreach to capitalize on strategic opportunities to launch and scale new businesses in the rapidly maturing and evolving consumer space in MENAT and beyond.



Successful Track Record of Dynamic Capital Allocation



- **Unique Investment Model**
Unique investment holding business model that allows for strategic investments and value creation in the MENAT consumer food and retail space.

- **Experienced Leadership**
Experienced leadership team with clear mandate to deploy and/or reallocate capital to enhance shareholder returns through investments in consumer segments with long-term growth potential.

- **45 years**
45-year track record of business growth, active capital reallocation and long-term investment horizon.

- **Sustainable Growth**
Actively exploring multiple venues of investments in food and retail to help drive sustainable growth for the Group for years to come.

2

Strategic Review

In this section

Food Investments

- 22 Portfolio Overview
- 24 Savola Foods
- 28 Almarai
- 30 Al Kabeer

Retail Investments

- 32 Portfolio Overview
- 34 Panda Retail
- 36 Herfy Food Services

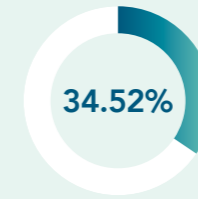


PORTFOLIO OVERVIEW

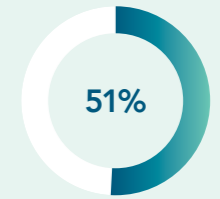
Food Investments



سافولا | الأغذية
SAVOLA | Foods



المراعي
Almarai



الكبير
Al Kabeer

The Group's food investments portfolio performed well in 2023. Savola Foods' across-the-board growth in Arabia and Egypt saw it deliver strong results. Almarai's core categories and channels also performed well, while positive showings from its core markets of Saudi Arabia and the UAE boosted Al Kabeer's results.



● Major markets

- Saudi Arabia
- Egypt
- Algeria
- Sudan
- Turkey
- UAE
- Others

● Export markets

- Angola
- Bahrain
- Benin
- Burundi
- Cameroon
- Canada
- Comoros
- DRC
- Djibouti
- Eritrea
- Ethiopia
- France
- Germany
- Ghana
- Jordan
- Kazakhstan
- Kenya
- Kuwait
- Lebanon
- Liberia
- Libya
- Madagascar
- Malawi
- Mali
- Mauritania
- Mauritius
- Morocco
- Mozambique
- Macedonia
- Netherlands
- Oman
- Pakistan
- Palestine
- Rwanda
- Senegal
- Sierra Leone
- Somalia
- South Africa
- South Korea
- South Sudan
- Spain
- Sweden
- Tanzania
- Uganda
- United Kingdom
- USA
- Others



FOOD INVESTMENTS

Savola Foods



Savola Shareholding



Savola Foods Company (SFC) delivered another strong performance in its core markets of Arabia and Egypt in 2023. Despite a slight fall in net revenue of 8%, SFC posted a 19% increase in gross profit and a 12% rise in net income.

About Savola Foods

SFC is a leader in basic branded consumer packaged goods, many of which are market leaders in their categories. SFC products are produced in more than 6 countries and exported to some 50 markets, where it continues to innovate by growing product ranges and diversifying into higher-value items to achieve its strategy of measured growth.

Financial Highlights

A drop in revenue of 8%, mainly attributed to a fall in crude edible oil prices, lower volumes in the sugar segment and some oil markets, the temporary suspension of operations in Sudan, and the exit from Morocco and Iraq, failed to dampen an otherwise robust financial performance in 2023.

SFC reported lower net revenue of SAR 15.07 billion (2022: SAR 16.44 billion). However, the company's gross profit grew by 19%, to SAR 2.36 billion (2022: SAR 1.99 billion), the result of higher margins in the oil and sugar categories, a series of product innovations, better B2B offerings, and favorable oil positions at the end of 2022.

The 12% rise in net income, to SAR 452 million (2022: SAR 405 million) was powered by strong operational performance, despite higher financial charges.

Strategic and Operational Highlights

SFC has continued to implement fresh initiatives under its four-pillar transformation strategy. This focuses on strengthening the core, expanding into new categories, diversifying through early-stage investments in promising regional companies, and transformation through digital and offline disruption.

Edible oil and fats

With a 16% fall in revenue and year-on-year volumes virtually flat, it is pleasing to report that gross profit increased by 15%, to SAR 1,645 million, and net income increased by 15%, to SAR 366 million.

SFC introduced several B2C and B2B innovations, including enhanced product formula and composition, and innovations such as hand-painted olive oil glass bottles and turmeric-infused oil to support immunity initiatives in the Turkish market and the launch of multi-purpose canola oil under the Afia brand in the UAE.

Sugar

With year-on-year sugar volumes down 6% overall, on a 12% increase in revenue, there was a 44% rise in gross profit to SAR 447 million, with net income jumping an impressive 146% to SAR 126 million. Egypt emerged as the star performer, with a 37% jump in revenue and a 12-fold increase in profits, from SAR 8 million in 2022 to SAR 95 million in 2023.

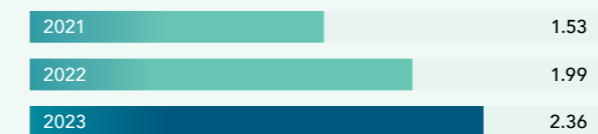
Net revenue -8% ↘

SAR 15.07 bn



Gross profit +19% ↗

SAR 2.36 bn



Net income +12% ↗

SAR 452 mn



FOOD INVESTMENTS

Savola Foods continued

Pasta

Egypt's Pasta category saw year-on-year volume growth of 10% and a 4% increase in sales. Gross profit, however, declined 16%, to SAR 69 million, and net income declined by 27% to SAR 15 million.

There were some innovations and variant launches in 2023, including an upgraded formula and new revamped packaging under the Maleka brand. The category also saw the launch of a stronger and chewier pasta variant, the first of its kind in Egypt.

Nuts, spices and pulses

This segment had a positive year in the UAE, with a 9% increase in revenue to SAR 449 million, gross profit of SAR 151 million, a 33% increase, and a notable 75% rise in net income to SAR 58 million.

Two of the year's highlights were the launch of Bayara World, Bayara's retail boutique in the UAE, and the rollout of a range of energy bars. The nuts, spices and pulses range in Saudi Arabia under SFC's flagship Afia brand was further strengthened.

Other product categories

Savola continues to stand behind and support its investment in Munchbox, which has continued to launch new health products and snacks. The Bakery and Seafood categories in Central Asia have also experienced strong growth, with increased consumer demand and market share.

Savola Professional

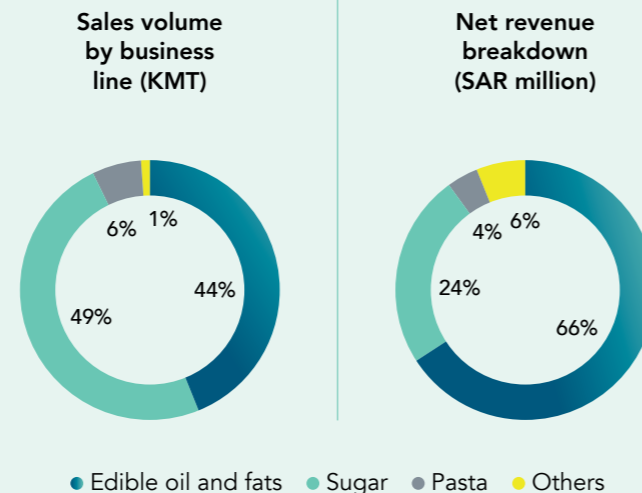
The B2B platform, Savola Professional, has quickly captured the attention of the business community. The company was established in 2022 to service corporate customers more proactively. The new venture expanded and performed well in 2023 and is already attracting interest from prospective clients in the GCC, and in Turkey and Central Asia under the Ladan Professional brand.

Looking Ahead

While SFC will continue to take an objective stance in addressing external issues, the year ahead presents some exciting opportunities. SFC will continue to plan and roll-out key initiatives, which are designed to maintain SFC's leadership position in its core categories such as edible oil and sugar, and to distinguish the brand from its competitors.

Alongside consolidating Bayara's leadership position in the UAE and maintaining its rapid growth, SFC will also build on Bayara's launch in Saudi Arabia under the "Afia" brand name by strengthening its place in this attractive space.

| Category | Sales volume by business line (KMT) | Net revenue breakdown (SAR million) |
|---------------------|-------------------------------------|-------------------------------------|
| Edible oil and fats | 1,742 | 9,966 |
| Sugar | 1,932 | 3,590 |
| Pasta | 221 | 549 |
| Others | 38 | 960 |
| Total | 3,933 | 15,065 |



A-B-C-D

Savola Foods' four-pillar transformation strategy



ANCHOR How we grow

Current categories to new geographies

Growing today's businesses via youth focused line extensions



BET How we diversify

Venture capital investment in nascent, high-growth youth-focused categories e.g. snack bars, alternative protein



CONQUER How we ingress

Entering large and established categories in Saudi Arabia, Egypt and Turkey

Target youth via new product lines and branding like snacks, confectionary, biscuits, spreads, herbs and spices, processed meats, etc



DISRUPT How we transform

B2B platform (digital and offline) to capture growing eating out and delivery youth trend (convenience)

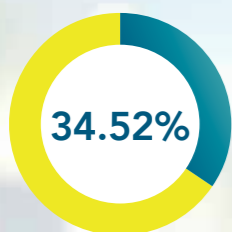
Capitalize on increasing food service spend due to the convenience youth trend

FOOD INVESTMENTS

Almarai



Savola Shareholding



Almarai's 2023 net profit increased due to operating profit growth and the acquisition of a 100% share of its operations in Egypt and Jordan, despite increased funding costs due to higher interest rates.

About Almarai

Almarai Company is the Middle East's largest food and beverage manufacturer and distributor. Since its foundation in 1977, consumers have come to recognize Almarai's brand as synonymous with quality, with a presence in the dairy, juices, bakery, poultry, and infant nutrition categories. Almarai remains at the forefront of innovation in the sector, introducing new product offerings that cater to evolving customer needs.

Savola Group is the largest shareholder, with a 34.52% holding in the company.

Net revenue **+5%** ↗

SAR 19.58 bn

| | |
|------|-------|
| 2021 | 15.85 |
| 2022 | 18.72 |
| 2023 | 19.58 |

Gross profit **+8%** ↗

SAR 6.05 bn

| | |
|------|------|
| 2021 | 5.06 |
| 2022 | 5.62 |
| 2023 | 6.05 |

Net income **+16%** ↗

SAR 2.05 bn

| | |
|------|------|
| 2021 | 1.56 |
| 2022 | 1.76 |
| 2023 | 2.05 |

Financial Highlights

Almarai achieved positive revenue growth of 5%, which was mainly driven by the company's core categories in Saudi Arabia and the GCC countries. Fresh dairy and poultry categories delivered the highest growth, with each generating over SAR 500 million.

Dairy and farming essential commodity prices stabilized in 2023, although the benefits of higher inventory coverage will be realized at a later stage. The consistent implementation of strong cost control measures also bolstered Almarai's operating profit.

Strategic and Operational Highlights

Strong performance in core GCC markets was led by Almarai's poultry and dairy categories. However, net revenue growth was reduced to 5% due to the devaluation of the Egyptian Pound and lower sales of alfalfa from the USA operations. Almarai's results were also boosted by the acquisition of a 100% share of its operations in Egypt and Jordan, despite higher funding costs.

In dairy and juice, net profit increased due to improved sales in the Gulf countries, and strict cost controls. In bakery, higher net profit was driven by volume and sales growth. Top line growth was driven by multiple factors including improved sales of bread, along with growth in single serve products, product innovation, and economies of scale.

In poultry, an increase in net profit was driven by sales growth aided by additional production capacity and improved operational efficiency.

Distribution of Savola's entire shareholding in Almarai

In February 2024, Savola announced its intention to proceed with the distribution of its entire 34.52% shareholding in Almarai to eligible Savola shareholders following a SAR 6.0 billion rights issue followed by a capital reduction, subject to regulatory approvals, and subsequent approval by Savola shareholders at its Extraordinary General Meeting.

The objective of the distribution of Savola's shareholding is to unlock value for our shareholders, who will benefit from direct exposure to the growth potential and future dividend capacity of Almarai. Almarai has been one of the Group's most successful investments to date.

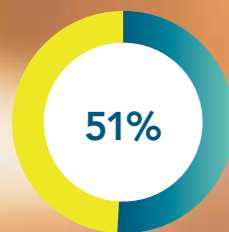
The rights issue will allow Savola to strengthen its financial position and continue to invest in the growth of its portfolio, while paying down debt and enabling the distribution of the shares to eligible Savola shareholders.

FOOD INVESTMENTS

Al Kabeer



Savola Shareholding



Volume growth, higher gross margins and better pricing in key categories helped to increase Al Kabeer's revenue by 7% in 2023, which was also marked by a comprehensive brand refresh, new packaging, and product launches.

About Al Kabeer

A household name in the Middle East, Al Kabeer Group is a leading frozen food supplier and has had a presence throughout the GCC region since 1974. It manufactures and distributes a portfolio of more than 300 SKUs, from frozen poultry, beef, fruits and vegetables and seafood, to snacks and ready-to-eat meals. It operates through three production facilities located in the UAE and Saudi Arabia, along with a strong network of around 20,000 outlets across the GCC region.

Savola Group acquired 51% of Al Kabeer in 2018 as part of a strategy to diversify into frozen foods and value-added product categories.

Financial Highlights

Volume growth, higher gross margins and better pricing in key categories helped to increase Al Kabeer's revenue by 7% in 2023. Both core markets of Saudi Arabia and the UAE contributed to this performance, with the modern trade and HORECA (hotel, restaurant and catering) channels also adding growth. Higher gross margins boosted gross profit and net income by 20% and 13% respectively, despite higher operating costs.

Strategic and Operational Highlights

Al Kabeer's brand refresh was one of the year's major highlights. Featuring a new logo and attractive product packaging, the new brand was unveiled at Riyadh Boulevard in November 2023 and is already proving popular with existing and new customers.

The brand launch was one high point in a series of consumer engagements, a program where products are taken into malls and other customer touchpoints to receive feedback, essential to the company's product development strategy and wider R&D efforts.

Several important product launches included Zing Chicken Strips, now available in Siracha flavor, a non-spicy version of Zing Chicken Fillets and a Stuffed Felafel option.

Stronger marketing and publicity around these product launches, and a full consumer engagement program, contributed to the encouraging uptick in sales.

Looking Ahead

The year ahead brings challenges and opportunities. The company is not immune to pricing issues and changing consumer habits around food and spending but, by renewing focus on launching new products, Al Kabeer can maintain its reputation for innovation and use this to drive its continued growth.

Active consumer engagement is central to the company's strategy because customers like to see and understand the company's products in neutral, non-retail environments. Their feedback is invaluable in informing product development and in keeping the offering fresh and relevant to the market.

As Al Kabeer enters its 50th anniversary year, every effort will be made to maintain the company's reputation and profile – on which its success is based – by building on the performances of Saudi Arabia and UAE and strengthening market positioning and share.

Net revenue +7% ↗

SAR 714mn



Gross profit +20% ↗

SAR 252mn



Net income +13% ↗

SAR 70mn

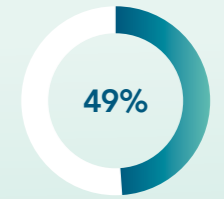


PORTFOLIO OVERVIEW

Retail Investments



بنده
Panda



HERFY

Panda's return to profitability in Q4 2023 was driven by the success of its CXR program and improvements in margin, OpEx and G&A management. Savola became Panda's 100% shareholder, following its acquisition of a minority stake. Herfy achieved a 136.5% net profit increase, as a result of lower expenses and a decrease in financing expenditure.

1 Saudi Arabia

188
Panda Stores

393
Herfy stores in KSA

2 Egypt

5
Panda Stores

3 Kuwait

8
Herfy Stores

4 Nigeria

3
Herfy Stores

5 Bangladesh

7
Herfy Stores

- Hyper Panda stores
- Panda Supermarkets



RETAIL INVESTMENTS

Panda

Panda's return to profitability in Q4, sooner than internal forecasts, was one of the year's most important milestones and can be attributed to the company's successful Customer Experience Revival (CXR) program, launched in 2022, which has enhanced its shopping experience with the new look and feel of its stores.

In 2023, Savola Group became the 100% shareholder in Panda after completing the acquisition of a 1.1% minority stake for SAR 60 million.



Savola Shareholding

100%



About Panda

Panda Retail Company is Saudi Arabia's leading grocery retailer and, each year, serves more than 95 million customers in 193 stores, including five stores in Egypt.

The company has two types of stores – Hyper Panda and Panda Supermarkets – and operates four main distribution centers, with a fleet of 500+ temperature-controlled trucks distributing more than 30,000 SKUs of food and non-food products. Panda has more than 25% market share by modern trade FMCG volumes.

Financial Highlights

Improved performance by Panda's CXR stores and like-for-like growth of 5.3% in Saudi Arabia, driven mainly by increased customer count, generated revenue of SAR 10.3 billion in 2023, 2% higher than in 2022. The positive impact of the CXR program and higher gross margins also contributed to a 9% uptick in gross profit.

With net income for the year of SAR 47 million, against a loss of SAR 158 million in 2022, Panda's return to profitability during Q4 was a welcome highlight and ahead of forecast.

Net revenue +2% ↗

SAR 10.33bn



Gross profit +9% ↗

SAR 2.56bn



Net income ↗

SAR 47 mn



Strategic and Operational Highlights

Panda's new store program gained momentum in 2023. Since the program launched in 2022, 74 CXR stores have been completed and, with the addition of seven new stores in Saudi Arabia during Q4 2023, Panda's return to growth and a positive P&L turnaround was emphatically confirmed.

The objective of Panda's innovative CXR program is to refresh the in-store experience by revamping the overall look and feel. This front-end initiative is supported by optimizing backend systems, including shelf and availability planning. By taking this approach, Panda has given its stores greater appeal and made visiting them an equally enjoyable experience.

The CXR program is essential to maintaining Panda's strong brand profile and keeping it fresh in consumers' minds in the face of price-driven competition and new entrants to the market. Panda wants to create a shopping environment that mirrors the company's vision to be the leading sustainable retailer, and one that is always innovating to provide for the communities it serves every day.

Ultimately, Panda aims to transform the shopping experience, always mindful of the need to cherish its existing customers, but also by appealing to new customers with a totally fresh experience.

Panda's most recent market research indicates that customer satisfaction is high, with its Net Promoter Score (NPS) reaching global benchmarks. A healthy NPS of 74 highlights ongoing loyalty to the brand and the likelihood of customers recommending the brand to others.

Panda has also initiated a digital transformation program. Process refinements to the Click app resulted in a stronger channel performance and the company overhauled its merchandising and financial systems, which are now enabled with optimized business processes via cloud technology.

Panda also activated an advanced forecasting and replenishment platform, to help manage the supply chain and provide better product availability, which increased to 88%, from 85% in 2022.

Looking Ahead

Panda plans to add a further 14 new stores during 2024, while another 28 stores under wave four of the CXR initiative are scheduled for completion. Cost optimization, building growth and consolidating profitability will continue to be strategic objectives.

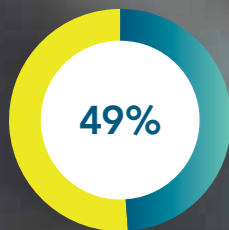
The company will roll out a program of digital initiatives designed to improve online sales, facilitate monetization of data, and optimize operations. A new commercial agreement with Extra in the electronics sector will also be rolled out in 2024, under the Clix brand.

RETAIL INVESTMENTS

Herfy



Savola Shareholding



Herfy's leap in 2023 profit is attributed to lower general and administrative expenses and a decrease in financing expenditure. However, the gains were limited by a drop in revenues, higher sales and marketing expenses, a rise in tax and Zakat fees, and seasonality which affected the restaurant sector in the last quarter.



Net revenue -5.6% ↘

SAR 1.17 bn



Gross profit -7.4% ↘

SAR 284 mn



Net income +136.5% ↗

SAR 8.39 mn



About Herfy

Established in 1981, Herfy Food Services Company is Saudi Arabia's leading fast-food chain, with 393 branches serving communities across the Kingdom and international franchises in Kuwait, Bangladesh, and Nigeria.

Herfy also operates a network of pastry shops in Saud Arabia and, as a diversified but integrated company, creates value from its bakery, cake, rusk, and meat processing operations.

Financial Highlights

The year's major financial highlight was a surge in net profit to SAR 8.39 million, an increase of 136.5% on the year before, which was a result of lower general and administrative expenses and a decrease in financing expenditure. However, Herfy faced ongoing challenges from greater competition and global macro factors, resulting in higher input costs and supply chain issues.

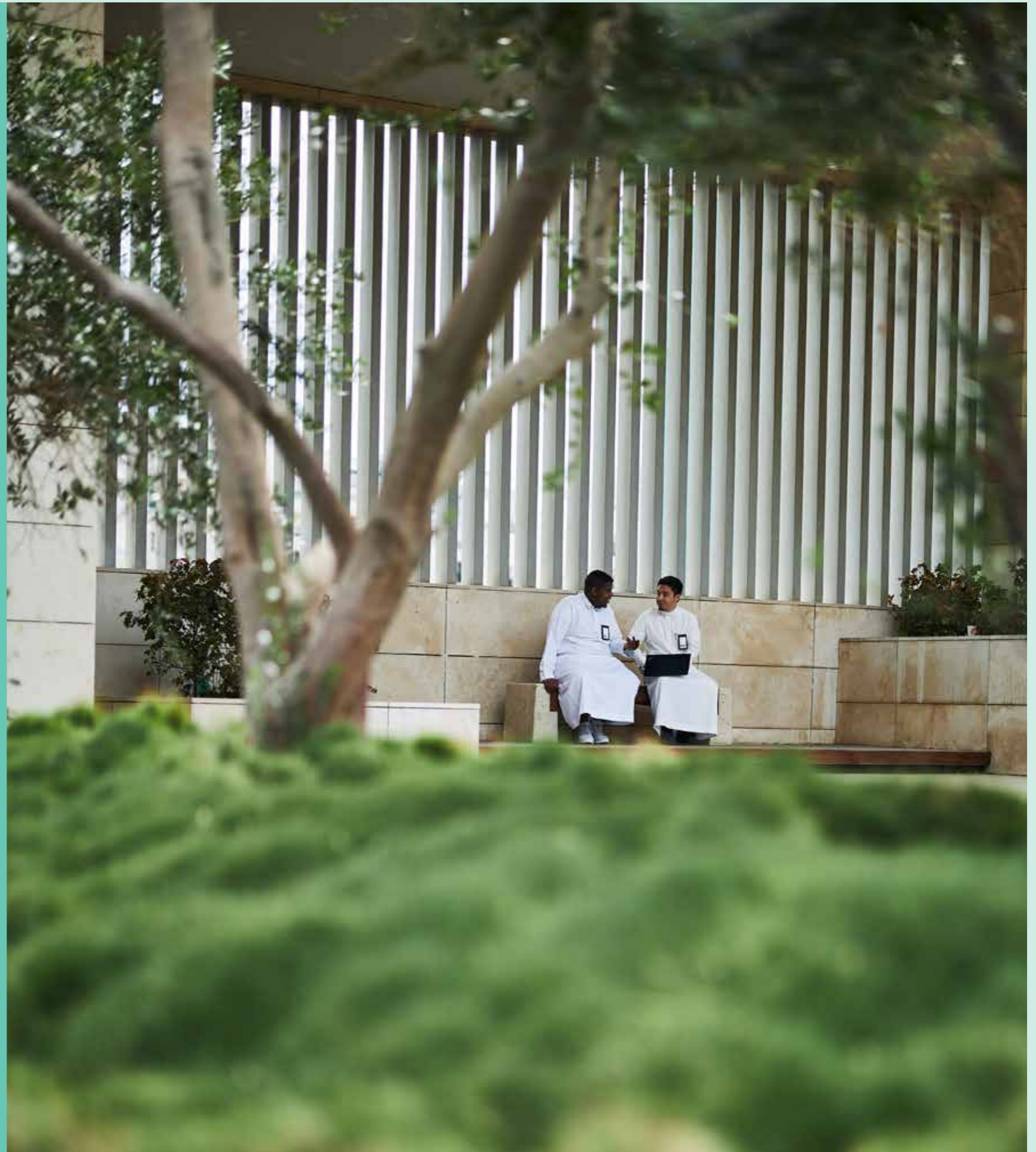
Herfy's revenue fell by 5.6% to SAR 1.17 billion (2022: SAR 1.24 billion) with gross profit showing a 7.4% decrease at SAR 284 million (2022: SAR 307 million), while net profit reached SAR 8.39 million (2022: SAR 3.546 million), a jump of 136.5%.

3

Sustainability Review

In this section

- 40 Our People
- 46 Corporate Social Responsibility
- 52 Our Sector
- 53 Our Environment



SUSTAINABILITY REVIEW

Our People

In 2023 our people reinforced their strength and skills to steer us on a steady course of expansion, diversification, and operational excellence.

| Total Employees in KSA | Total Saudi Employees | Female Saudi Employees | Employed People with Disabilities |
|---|--|--|--|
| 15,959 | 5,409 | 1,314 | 250 |
| Savola HQ 48 Savola Foods Company 1,454 Panda 13,941 Al Kabeer 516 | Savola HQ 31 Savola Foods Company 644 Panda 4,529 Al Kabeer 205 | Savola HQ 9 Savola Foods Company 72 Panda 1,097 Al Kabeer 136 | Savola HQ 1 Savola Foods Company 12 Panda 232 Al Kabeer 5 |

Savola has a duty of care for employees' wellbeing, their personal improvement, and providing the means to realize their potential. Their loyalty and efforts are inextricably linked to our achievements. Every member of every team at Savola contributes to our success. We are reliant on each other as a working community and are safe in the knowledge that we work for each other and are part of the wider Savola Group.

To ensure our people enjoy the most rewarding experience while at work, we guarantee respect, inclusion, loyalty, and opportunities for career growth. Our colleagues are vital to operations and valued as individuals, which is why we are privileged to be an employer of choice and a business of integrity.

Savola's Unique Culture

With a Group workforce of 15,959 people in the Kingdom of Saudi Arabia from more than 40 nations, we have the breadth of knowledge and depth of experience to provide unrivalled customer service. We are an employer that recognizes the unique skills every worker brings to the brand.

Strong Values and Competencies

We are an ambitious, progressive investment holding company, and understand that to deliver our vision and achieve our objectives we need an empowered, motivated, and highly-skilled workforce. Our strong corporate values shape the organization's culture and ensure the people who are part of the extended Savola family share the same set of values we have drawn from our rich Islamic heritage, embedded in us all since the Group was founded in 1979.

Group Values

Ihsan Al-Dhan: Trusting – Trust others' intentions without doubting them

Mu'azarah: Caring – Provide support to our colleagues to enable their success

Qabool: Acceptance – Endure the views of others by going beyond tolerance or acceptance

Iq'bal: Approaching – Improve what we do by using what we have learned from interactions with others

We remain wholly committed to providing a working environment in which our people can thrive and excel through defined competencies. Our belief in supporting potential and driving capability is core to our philosophy of learning and self-advancement, providing professional development and personal growth.



Core Competencies

Strategic Mindset
Seeing ahead to future possibilities and translating them into breakthrough strategies

Business Insight
Applying knowledge of business and the marketplace to advance the organization's goals

Manage Change and Innovation
Creating new and agile ways for the organization to be successful

Build Effective Teams
Building strong-identity teams that apply their diverse skills and perspectives to achieve common goals

Ensure Accountability
Holding self and others accountable to meet commitments

Organizational Savvy
Maneuvering comfortably through complex situations, and people-related organizational dynamics

SUSTAINABILITY REVIEW

Our People continued

As one of the Kingdom's leading employers, throughout 2023 we remained dedicated to delivering the employee value proposition through People Pillars objectives from the Human Resources strategy.

Our People Pillars Program enhances our brand as a fair and ethical employer, reinforces our commitment to nationalization and promotes an engaged workforce environment. As we support and enhance productivity, we welcome change in order to attract, retain, and motivate leading talent in our industry, once again illustrating our mantra of 'Value Built on Values'.

It is paramount that we support potential, create opportunities, and drive the professional development of our workforce. We have consistently shown that motivation, belief in others and positive reinforcement are the most effective enablers. In addition, by encouraging creativity and innovation, we are creating a new generation of business leaders and strategists.

Our employee value proposition is based on the four main aspects of our People Pillars program. The program aims to shape our people initiatives to ensure a uniquely rewarding culture and working experience for employees and achieve our strategic goals by attracting, sustaining and motivating the best available talent in the market.

It also aims to develop a highly skilled workforce, enhance our position as the employer of choice, adhere to nationalization directives in our home market, and promote an engaging working environment that supports productivity and welcomes change.

Throughout 2023, we remained dedicated to our People Pillars objectives, providing multiple channels for employee voices, both formal and informal, to measure and monitor employee engagement levels, and thoroughly analyze the results of responses.

Employee Engagement Pillar

As an extension of our Tower Employee Engagement Survey, conducted by the Great Place to Work Institution, we achieved an outstanding 85% level of engagement with a 100% participant rate. Our progress will ultimately steer the organization towards even greater growth and success in the quality and satisfaction of our workforce.

In 2023, Savola Group was certified as a 'Great Place to Work' for the fourth successive year. The global awarding body focuses on recognizing outstanding high-trust, high-performing workplace cultures, under the Employer of Choice category in the Middle East Region.

As an essential part of building not just a working environment but also a working community, we continued to enhance employee engagement with the Company's latest news through Town Hall Meetings with the Group CEO. This simple but effective interaction joins together all members of our workforce and improves both their inclusion and involvement.

Government Relations Committee

The Government Relations Committee aims to develop a comprehensive strategy with clear objectives to establish and maintain effective relationships with key Ministries, and relevant government sectors. This will both unify the Group's efforts and build on what we already have.

Corporate Social Responsibilities

The CSR Committee, which comprised from the executive team at the Group and subsidiaries, aims to strategize the Group's CSR work into clear and common purposes and align the Group's efforts, creating competitive advantages through Savola World establishment programs and related CSR activities.

Environment Committee

The establishment of the Environment Committee is helping to build and implement the Group's Environmental Policy and oversee all relevant activities, including energy, water, waste management systems, recycling, emissions and transportation.

Workplace Wellness Pillar

In line with our focus on providing the best possible care for our people, we made employees' health a priority at every level. We continued our partnership with Dr. Soliman Fakeeh Hospital, one of the largest healthcare providers in the region, to provide comprehensive healthcare services at our in-house clinic.

Work-Life Balance Pillar

Our Tower survey showed a satisfaction rate of 82% of our people being encouraged to balance work and personal lives. In our Tower survey, we achieved a 90% satisfaction rate of workplace provided facilities; this year, we improved even further by partnering with local coffee shops, aiming to support Saudi startup business owners, including special discounts for Savola employees.

Fostering our work environment for colleagues, fathers, and mothers in particular, we reopened the in-house nursery following a full renovation and a female lounge to ensure an attractive workplace environment.

With a renewed emphasis on family-friendly policies, such as recognizing special events on a personal level, and distributing Eid and Ramadan gifts, we continue to win the hearts and minds of our people. We also continue to provide a range of tailored benefits, such as the home loan scheme for Saudi employees, Takaful insurance to support families in the case of death or disability, and the Al Taawoon fund.

Cultural Improvements Pillar

We are committed to being an equal and inclusive employer, ensuring that we are wholly compliant with both the ethical and practical standards expected of our status as a champion of employees regardless of their gender, nationality, race or physical challenges.

We also take enormous pride in holding the Mowaamah Golden Certificate for our commitment to the best standards and practices in creating a work environment suitable for people with disabilities.

As a testament to our commitment, this year we facilitated adjustments and modifications according to employees' specific needs.

We have enhanced social interaction and networking among employees, resulting in a 84% satisfaction rate of Savola Group being a fun place to work. This included being able to gather the Group and OpCos employees together for international celebrations, such as Saudi National Day. We invited our employees and their families to enjoy a day full of activities to celebrate the start of the school year, including competitions, and special offers.

We also continued to provide our employees with initiatives acknowledging their efforts and results, achieving an 86% satisfaction rate of feeling recognized, such as rewarding employees who have dedicated themselves to the service of Savola Group.



SUSTAINABILITY REVIEW

Our People continued

AN EMPLOYER OF CHOICE IN OUR SECTOR

As we strive to maintain our position as one of the Kingdom's leading employers of choice, it is imperative that we continue to improve even further and ensure our employees remain satisfied in the workplace.

Engagement Score

By monitoring opinions and gathering feedback, our annual Tawer survey measures employee engagement and offers a platform for our people to communicate their views with Savola's HR and senior management. In 2023, Savola Group scored 85% employee engagement with a 100% participant rate. This outstanding result confirms that we are achieving our goals of engagement and approval from the people who matter to us most and will ultimately drive our success and growth.

Reflecting our commitment to our people and their satisfaction with the Group, our employee and talent retention rate in 2023 was nearly 84%.

Employee Benefits

We understand that in order to maintain the quality of our workforce, retain their services and attract new talent, we must provide an extensive range of benefits to recognize and reward our people.

Supporting our People in Adverse Circumstances

As well as offering incentives and rewards, Savola also recognizes the importance of support in more troubled times. Personal tragedies can have a devastating effect, and in the event of death or disability, we offer Takaful insurance coverage to provide practical aid and comfort for families.

Our Taawoon Fund also supports junior staff in times of financial hardships and a home loan scheme to support our Saudi employees. Savola's employee contribution fund, Taawoon, is financed through all HQ employees' voluntary monthly contributions, as well as a yearly contribution from the Board Chairman. In 2023, the Taawoon Fund raised SAR 211,000 of financial assistance.

Training and Development

Since Savola's inception 45 years ago, we have practiced our belief that driving our employees to reach their true potential is one of the most valuable investments we can make. Through professional training, development, and skills programs we can help our people to thrive and excel in their field and enjoy a more rewarding career as well as play a more meaningful role within the company. Our primary goal was to ensure our existing and future employees were highly qualified, confident in their abilities, and fully equipped to contribute to Savola's ongoing success.

Succession planning continued to be a key focal point for Savola Group, ensuring that proper plans and contingencies are in place for key positions across the organization. We continued the execution of Individual Development Plans (IDP) for the defined talent pool, which comes in line with the company's strategy to create a high-potential pipeline of our future successors and emerging leaders, in collaboration with PwC Academy, the Learning & Development arm of the firm.

Performance and Career Development

As an illustration of Savola's holistic career assessment approach, all 48 Group employees completed performance and development reviews, including the Group CEO.

Perceptive Succession Planning

As a highly successful, progressive and ambitious organization, Savola continues to focus on its long-term goals and lists succession planning as a key element to its future. Contingency preparations ensure that the Group has the top talents who are able to make a smooth and swift transition to new leadership positions. To aid this evolution, our intensive assessment center has developed tailored Individual Development Plans (IDP) to ensure we maintain a consistent pipeline of world-class visionaries and future successors. As a result, our IDPs have identified four out of five exceptional individuals with the unique qualities to assume senior leadership roles.

Employee Health and Safety

The health and safety of our people comes above any other aspect of our operations. We have an obligation to provide a safe place to work and understand that our employees are individuals and not commodities. Savola Group not only meets its safety requirements, but it also exceeds global best practices and enforces its own strict safety criteria. Through the 4 Health and Safety Committees representing each of Savola Group's companies, we have achieved a remarkable milestone – in a recent survey, 100% of our employees responded that Savola Group is a safe workplace.

Clinic

Savola continues to provide excellent healthcare with medical advice, prescription medications and random weekly check-ups via a dedicated clinic, opening during office working hours, at our HQ.

Promoting Diversity and Inclusion

Savola has always had an ethos of universal equality and inclusion and we are proud to assert ourselves as an industry leader in diversity. Our practice of employing candidates on their merits rather than gender, age, color, race or religion has helped us to nurture a workforce which is built around respect, trust and acceptance, and with the unwavering support of our HR and governance frameworks, we provide equal opportunities in every aspect of our business.

Saudization

As we continue to embrace and incentivize the Saudi workforce at Savola, we are proud to say that 70% of the Group's employees are now Saudi nationals. This is indicative of the local talent which maintains Savola's position as the clear leader in our industry.

Female Inclusion

In line with our belief in supporting and empowering female roles in the economy, we have reinforced our mission to increase their numbers across Savola. With a focus on female Saudi nationals, we are both delivering on our goals of gender equality and fulfilling national priorities and objectives.

As one of our steps to recruit and retain female workers, we have designed and created a female-only lounge to provide an exclusive, comfortable and attractive environment, reflecting our support for both Saudi Vision 2030 and the UN Sustainable Development Goals. Our commitment to female inclusion is also reflected in the services and support provided by our in-house health clinic for our valued employees.

Reflecting our commitment to our people and their satisfaction with the Group, our employee and talent retention rate in 2023 was nearly 84%.



SUSTAINABILITY REVIEW

Corporate Social Responsibility

Savola Group is committed to creating broad and lasting value for our stakeholders, throughout the Kingdom and around the world. In order to achieve this ambition, our sustainability strategy provides a clear roadmap for success across a wide range of areas to be implemented, largely through the Savola World Foundation.



SAVOLA WORLD FOUNDATION

A game changer for corporate sustainability practice across the MENA Region, the Savola World concept was created in March 2017 to create value for Savola's stakeholders by promoting socially and environmentally responsible practices.

At the end of 2019, in alignment with international best practices in corporate foundations, Savola Group formalized the importance of Sustainability and CSR by transforming Savola World from a department into a standalone private foundation.

This groundbreaking entity was established as a non-profit organization under the supervision of the Ministry of Human Resources and Social Development.

Funded by Savola Group and managed by a Board of Trustees, Savola World Foundation continues to grow and diversify to maximize its impact. In close collaboration with a network of highly qualified experts, the Foundation focuses on social awareness campaigns, coaching and consultancy and proposing solutions to social issues, and training and qualifying youth for the labour market.

Savola Group allocates an annual budget to fund and support the foundation. It will also seek funding to form partnerships with government and private sector entities to champion environmental, social and governance objectives of Savola Group and the Kingdom, in line with the goals of Saudi Vision 2030.

SUPPORTING SAUDI VISION 2030

In line with the Saudi national agenda, Savola's growth strategy is focusing on sustainability performance, directly benefiting the Kingdom's socioeconomic development, and reflecting the country's strengths and capabilities.

Vibrant Society

Savola has gained great recognition for our initiatives for Saudi citizens. Long-term initiatives including the 'Makeen' program, 'Sela' program, 'Tawer' program, 'housing loans' program for Saudi employees, the 'Takaful insurance' and the 'Tawoon Fund' are embedded at the heart of Savola's efforts to develop advanced talent capabilities, build a workforce for the future and provide opportunities for Saudi professionals.

Savola World Foundation won the King Khalid Foundation Award for Excellence in Non-Profit Organizations in the Information Technology Standard for the year 2023.



Thriving Economy

To build a more dynamic and robust economy, Savola has seized growth opportunities through strengthening relationships with its carefully selected partners and distinguished shareholders and investors. Our network of companies within the Savola Group has made us eligible for inclusion in the MSCI (Morgan Stanley Capital International) Emerging Market Index, as part of the Saudi Exchange (Tadawul) inclusion into the MSCI Emerging Market Index.

Ambitious Nation

Savola operates according to the principles of a high-performance, transparent, effective, and accountable governance system. Its goal is to achieve financial prosperity, which will ultimately satisfy the economic and social aspirations of the Saudi Vision 2030. Savola takes great pride in actively supporting the implementation of the Saudi Vision 2030. We will continue our efforts to achieve 'A Vibrant Society - A Thriving Economy - An Ambitious Nation.'

NATIONAL AWARDS AND HONORS

This year's ceremony crowned the efforts of the Savola World Foundation, as the Foundation won the King Khalid Foundation Award for Excellence in Non-Profit Organizations in the Information Technology Standard for the year 2023.

His Royal Highness Prince Faisal bin Khalid bin Abdulaziz, Advisor to the Custodian of the Two Holy Mosques and Chairman of the Board of Trustees of the King Khalid Foundation, The Chairman of the Award Committee honored the entities that achieved the highest standards in several fields among the participants in the King Khalid Award for 2023 for the Sustainability and Non-Profit Excellence Awards, at the headquarters of the King Khalid Foundation in Riyadh.

The Savola World Foundation won the Princess Seetah Bint Abdul Aziz Award for Excellence in Social Work for the Negaderha Program, under the Environmental Sustainability pillar. Negaderha won during the 10th round of the award, which came under the theme of: Creativity and Innovation in Social Work.

The Savola World Foundation was also honored as a training partner in the Hemam initiative for the best friendly environments for people with disabilities, under the patronage of the Governor of the Makkah Al-Mukarramah Region, His Royal Highness Prince Khaled Al-Faisal.



SUSTAINABILITY REVIEW

Corporate Social Responsibility continued**NEGADERHA PROGRAM****Develop and Launch Community Awareness Campaigns**

The Negaderha Program engages consumers in reducing waste by launching community awareness campaigns based on the most effective international experiences. The campaigns are usually executed in certain seasons when food waste might become more frequent such as the holy month of Ramadan or during Eids and festivals and holidays.

In 2022, Negaderha has launched two community awareness communication campaigns (Iftar without Waste) and (Appreciate Food to Last), through different social media platforms.

Participated in FAO's Regional Conference

Negaderha program was invited by The Food and Agriculture Organization of the United Nations (FAO) to participate during its conference for Food Waste and Loss Reduction in NENA Region. During the conference, Negaderha presented its comprehensive experience in food waste reduction, in the light of its intensive interaction with the household sector in Saudi Arabia. Negaderha has also highlighted the key enablers in food waste management, which may include the power of research, innovation and technology.

**MAKEEN PROGRAM****Training, Empowerment and Awareness Raising**

The efforts of the Makeen Program to empower persons with disabilities continued diligently to provide appropriate and healthy work environments for employees with disabilities.

In this regard, Makeen presented 12 specialized workshops titled the mentor and buddy system, dealing with people with disabilities, total accessibility, evacuation principles for people with disabilities, and other topics for many agencies and companies in the private, public, and non-profit sectors, and the number of beneficiaries reached more than 200 people. Makeen also supported as a training partner in the Hemam initiative for the best friendly environments for people with disabilities.

Participation in the Arab Regional Conference

At the Arab Regional Conference on the Integration of Persons with Disabilities into the Labor Market, which was organized by the International Labor Organization (ILO) on June 21, 2023, the Makeen Program presented a remote lecture entitled "Savola Group's best practices for inclusion people with disabilities". The conference was attended by more than 100 entities from various countries in the world.

Savola Group Companies Obtained the Mowaamah Certificate

The Makeen Program provided its expertise and full support to the Savola Group companies in the Mowaamah Certification Project. The United Sugar Company obtained a Gold Category Compatibility Certificate, and Panda Retail Company obtained a Bronze Category Compatibility Certificate.

The Mowaamah certificate is a certificate granted by the Ministry of Human Resources and Social Development. The group's companies obtained the certificate in recognition of their efforts and excellence in providing a comprehensive, compatible and supportive work environment for their employees with disabilities, as well as taking all measures to make their culture and vision based on inclusion and diversity available to all people with disabilities. This comes from its belief in the importance of empowering them as effective elements in society.

Celebrating the International Day of Persons with Disabilities

Makeen Program conducted an internal and external social awareness campaign on social media and within the company, coinciding with the International Day of Persons with Disabilities on December 4, 2023. The campaign included awareness content that explained the efforts of the Savola Group in empowering and employing persons with disabilities.

The Makeen Program also presented a workshop on 6 December, 2023, on the occasion of the International Day of Persons with Disabilities, about Savola Group best practices of inclusion persons with disabilities at King Abdulaziz University in Jeddah as part of the university's celebration of this occasion.

**YUMNAK PROGRAM**

This year witnessed the conclusion of the first edition of the Yumnak Program, which aims to develop businesses for small and medium enterprises in the food and retail sector. The competitive advantage of the Yumnak Program lies in its focus on developing existing companies and raising their sales or obtaining investment, by providing guidance and mentoring to companies.

In its first edition, the program achieved great success, as more than 100 small and medium companies from various cities of the Kingdom applied for the program, and after competition among the qualified companies, only 10 companies were filtered and selected for the final stages of the program.

A partnerships event was also organized with the aim of enhancing cooperation and innovation for qualified small and medium-sized companies, and opening partnership opportunities for them with major companies in the food and retail sector in the Kingdom.

The number of mentors and lecturers in the program reached 26 experts and speakers, and more than 40 workshops and 20 lectures were presented on topics such as financial and tax planning, e-marketing, and financial modeling for small and medium-sized companies.

Savola World Hosting the Foodtech Event

As part of the efforts of the Yumnak Program to raise awareness of entrepreneurship in the sector, the Savola World Foundation hosted the Foodtech event on 2nd October at the Savola Tower, which targeted those interested in the intersection between food and technology.

Participants had the opportunity to networking with industry professionals and gain valuable insights into the latest trends and best practices, to explore potential investment opportunities and collaborate with like-minded individuals, and to learn about the latest innovations that develop the food industry.

The event was attended by more than 150 participants, including a group of employees of Savola Group companies. One of the executive directors of Savola Foods Company participated in managing one of the sessions.



SUSTAINABILITY REVIEW

Corporate Social Responsibility continued



ATA'A VOLUNTEERING PROGRAM

During the year, the foundation's team worked to develop and govern volunteer work and provide an appropriate and stimulating environment for the development of volunteerism in the organization. Work was done to develop the program's guidelines, and annual targets for volunteering were set, and cooperation was activated on a broader scale with universities, non-profit sector institutions, and private sector companies in creating and implementing many volunteer opportunities for Savola Group employees.

Ata'a Program Promotional Campaign

In accordance with the direction of the Board of Trustees to increase awareness in the group and its subsidiaries about Ata'a program and volunteer work, an internal communication campaign was launched targeting the group's employees, in cooperation with the internal communication team of the Savola Group and its subsidiaries. The promotional campaign for the program began in July and continued until the end of September 2023.

Participation in the Annual Volunteer Forum

The Savola World Foundation participated by presenting a working paper on Ata'a program and its experience in volunteering at the second annual volunteer forum on 7 December 2023, which was organized by the Ministry of Human Resources and Social Development in Riyadh and was entitled "Modern trends in volunteer work towards effective and sustainable youth development. The forum targets the governmental, non-profit and private sectors, volunteers and volunteer teams, in addition to the general community.

Volunteer hours

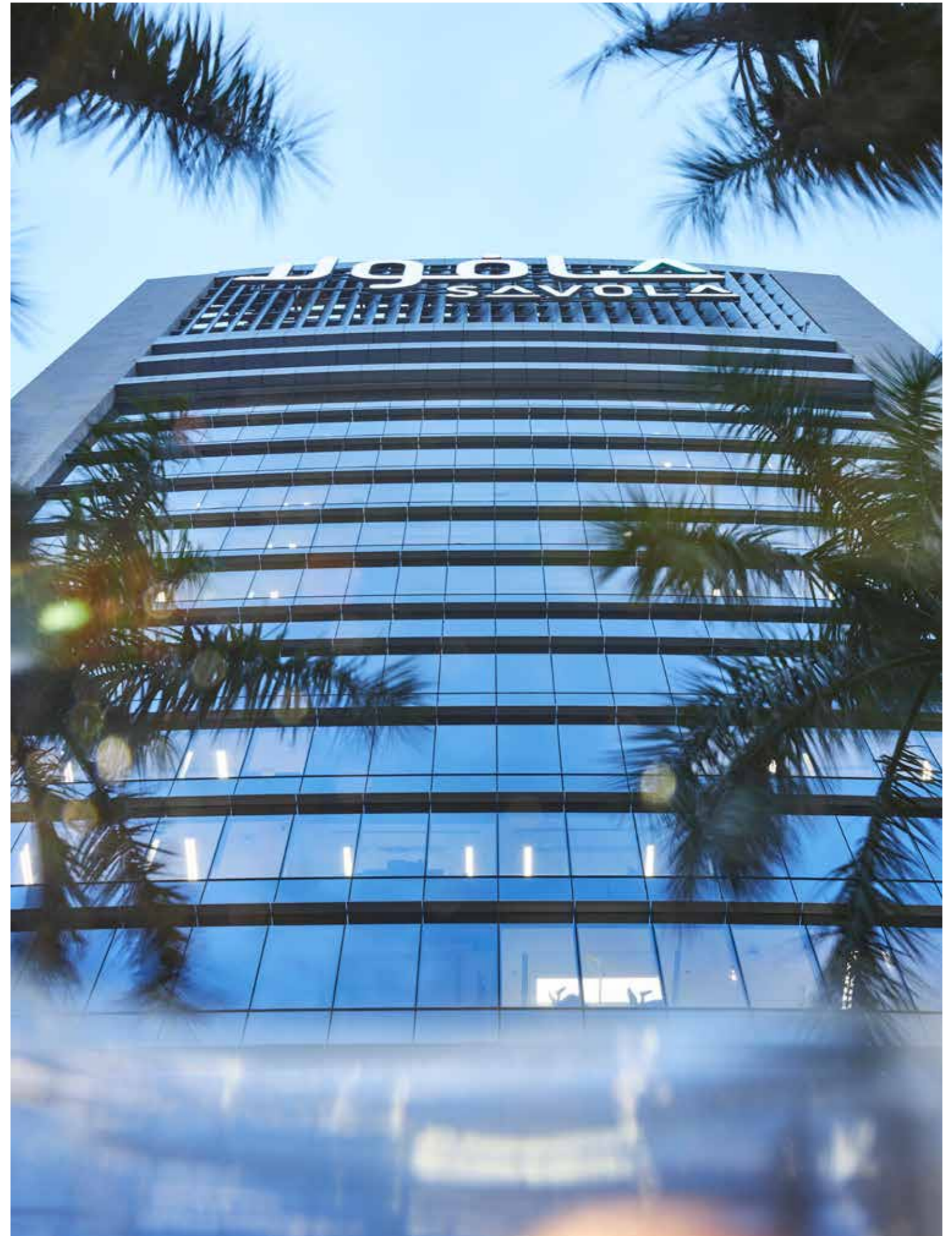
300

Number of beneficiaries

500

Number of volunteers

60



SUSTAINABILITY REVIEW

Our Sector

In 2023, Savola maintained its status as a leader in best practices for its employees, its customers, and for its contribution to a more sustainable world.

As the leading organization in the food and retail sector and a significant contributor to the Saudi Arabian economy, Savola Group continues to provide unrivalled services to our customers and deliver new initiatives to enhance their experience. We continue to prioritize the needs of our community and ensure that our practices have a positive impact on the people and environment around us, acting as both a dependable provider and a responsible guardian of sustainability.

In 2023, we maintained our association with the National Transformation Program in line with the goals and achievements of our Makeen Program, reinforcing our commitment to people with disabilities and employees with special needs, including our Mentor and Buddy initiative.

Our support of family businesses and small enterprises continues to increase in unison with the Small and Medium Enterprises General Authority, as we look to diversify the Kingdom's GDP. Through our multi-channel operations, we have the scope to assist local businesses across a range of sectors, including distribution, technology, logistics and supply chains.



SUSTAINABILITY REVIEW

Our Environment

Savola continued to increase its commitment to the environment in 2023, conserving resources and creating opportunities to contribute to the environmental goals of the Kingdom and the global community.

Creating and maintaining a sustainable environment is a key principle for Savola's operations. We understand the responsibility we have to our local community, our regional surroundings, and the wider world around us.

As a champion of sustainability, we have maintained our focus to further reduce our energy consumption, while becoming more efficient and productive. In 2023, our organizational culture of environmental awareness continued to drive our mission of minimizing waste and emissions, thereby reducing our footprint in line with company and international best practices.

For more information related to our corporate social responsibility programs, please check out Savola Group's Annual Sustainability Report and Savola World's Annual Report.

We understand the responsibility we have to our local community, our regional surroundings, and the wider world around us.



4

Directors' Report

In this section

- 56 Board of Directors, Executive Management, Internal Control, Audit, and Risk Team
- 60 Main Activities and Financial Disclosures in accordance with Regulatory Requirements
- 76 Potential Risks
- 80 Governance and Compliance Report and Related Disclosures
- 99 Shareholders' Rights and Investor Relations
- 110 Audit Committee Report



SUMMARY OF CVS FOR BOARD MEMBERS AND THEIR CLASSIFICATION

Current positions: Chairman of the Board, Abdulkadir Al Muhaidib & Sons Co., Rafal Real Estate Co., Al Muhaidib Holding Co, Board member of many companies among them are Almarai Co. Vision Invest and other companies.

Previous positions: Chairman of the Board, Middle East Paper Co. (MEPCO), Chairman of the Board Al Oula for Real Estate Development Co., Thabat Construction Co, Amwal Khaleej Commercial Investment co.

Qualifications: Second Class, Faculty of Medicines, King Saud University, KSA.

Experience: Business, industrial and banking management, as well as investment management and real estate development and contracting. He also sits on a number of other Boards & Committees.

Current positions: CEO of Assila Investments, Chairman of Savola Foods Company, Chairman of the Board of Dur Hospitality Co., and Board Member of several companies

Previous positions: Managing Director of Almarai, CFO of Assila Investments, CEO of Amias Holding, Investment Portfolio Manager at HSBC Saudi Arabia Limited, Financial and Marketing Analyst at SABIC Americas, and Financial Analyst at JP Morgan

Qualifications: Master's Degree in Business Administration - Rice University, USA
Bachelor's Degree in Economics - University of Virginia, USA
Certified Financial Analyst (CFA)

Experience: Financial and administrative fields, portfolio management, studying and analyzing of listed companies. Sits on a number of other Boards and Committees of listed and private companies

Current positions: VP - Industrial & Infrastructure Investments at Al Muhaidib Group.

Previous positions: General Manager at Dar Al Marefa, General Manager at Giant Store, CEO at Giant Store.

Qualifications: Bachelor and Master Specialization in Industrial Engineering, Texas University, USA.

Experience: Experience in managing several companies in the retail, food & contracting field. He also sits on several other Boards.

Current positions: Hassana Investment Company – Head of Regional Public Equity

Previous positions: HSBC Saudi Arabia – Equity Research Analyst, Hassana Investment Company – Portfolio Manager, Public Investment Fund – Portfolio Manager

Qualifications: Bachelor's Degree in Finance , King Fahad University of Petroleum & Minerals – KSA. Certified Financial Analyst (CFA).

Experience: Equity portfolio management and business analysis in addition to board memberships in listed and non-listed firms.

Current positions: Founder and Director of London Realty Limited, Executive Director and Board Member at Alfadl Group, Board Member and President and CEO of Sahara Building Contractors, Board Member and Investment Committee Member at Alfadl Investments, and Board Member and Investment Committee Member at Alfadl Real Estate.

Previous positions: Running his group of companies.

Qualifications: Bachelor's Degree in Finance and Economics - Babson College, USA.

Experience: Several managerial and leadership positions and Board memberships in Al Fadl Group of Companies. Sits on a number of other Boards and Committees.

Current positions: CFO of Assila Investments, and Board Member of BlackRock Saudi Arabia and International Medical Center (IMC).

Previous positions: Head of Balance Sheet Management and Investment at Saudi British Bank (SABB), and Member of the Board of Directors of Sukoon Real Estate Company, Al Aqeeq Real Estate Company, and Kinan International Real Estate Development.

Qualifications: Bachelor's Degree in Commerce, Finance – Sauder School of Business, University of British Columbia, Canada.

Experience: Financial management, investments, and financial markets.

Mr. Sulaiman Abdulkadir Al Muhaidib
Board Chairman
Non-Executive Member



Mr. Bader Abdullah Alissa
Board Vice-Chairman
Non-Executive Member



Mr. Issam Majid Al Muhaidib
Non-Executive Board Member



Mr. Ahmad Abdulrahman Al Humaidan
Non-Executive Board Member



Mr. Rakan Abdulaziz Al Fadl
Independent Board Member



Mr. Mohammed Ibrahim Alissa
Independent Board Member



Eng. Mutaz Qusai AlAzzawi
Non-Executive Board Member



Mr. Fahad Abdullah Al Kassim
Non-Executive Board Member



Mr. Ahmed Waza Al Qahtani
Non-Executive Board Member



Mr. Waled Abdullah Ghreri
Independent Board Member



Mr. Bader Hamad Al Rabiah
Independent Board Member



Current positions: Managing Director of his Group of Companies, Chairman of Herfy Co., Chairman of Arabian Cement Co., Vice Chairman of Riyadh Bank, Chairman of Qatrana cement, and Board of Director member of: Mobily, SICEP Co., ST&T Co., and Wusataa Co.

Previous positions: Running his group of companies, and Director of Merrill Lynch, KSA.

Qualifications: Bachelor's Degree in Computer Engineering, King Saud University, KSA.

Experience: Investment, Trade, Financial Markets, Construction Management, Banking, and M&A. Sits on a number of other Boards and Committees

Current positions: Businessman- Managing Partner of Fahad Alkassim CPA.

Previous positions: CEO of Amwal Financial Consultants, General Manager of Othaim Trading Group, Managing Partner at KPMG International, and Executive Director at Dallah Hospital.

Qualifications: Bachelor of Science Degree in Management (Accounting major) - King Saud University, KSA. Management and Leadership Program - Oxford University, UK.

Experience: Financial, administrative, and auditing consultancy, executive management in a health institution, and retail and wholesale, and sits on other Boards and Committees.

Current positions: Hassana Investment Company – Chief Investment Officer, Regional Markets.

Previous positions: NCB Capital – Equity Research Analyst, HSBC Saudi Arabia – Senior Portfolio Manager.

Qualifications: Bachelor's Degree in Finance, King Fahad University of Petroleum & Minerals – KSA.

Experience: Public Financial Markets, Private Equity, Real Estate, Infrastructure; Strategy Development; Financial and Organizational restructuring.

Current positions: Board member (National Energy Services Company), Executive committee member (National Energy Services Company), CEO (National Energy Services Company), Advisory committee member (SABIC-Home of Innovation).

Previous positions: Deputy Director for Energy Services Company sector development (Saudi Energy Efficiency Program), Head of Public Equities (Saudi Aramco), Senior Financial Analyst (Saudi Aramco).

Qualifications: MBA (ESADE Business School) Spain, Bachelor's Degree in Finance (Virginia Tech) USA.

Experience: Business management, Development of strategic plans, Financial Analysis, Organizational Change management, Operational Excellence, in addition to membership in several committees.

Current positions: Chairman of Board of Al-Durra National Real Estate Co, Vice Chairman of Board and CEO of Noor Al-Salhiya Real Estate, Vice Chairman of Amar Finance & Leasing Co, Vice Chairman of Board of Injazzat Real Estate Development Co, Board and Audit Committee Member of Mezzan Bank, Member of the Board & Audit Committee and Chairman of the Risk Management Committee of Noor Financial Investment, , and Member of the Board at Palms Agro Production Company, MIDCHEM in KSA, International Hotels Group in Jordan, and Ikarus Real Estate in the UAE, Noor International Co For Salling & Buying Shares and Bonds Kuwait.

Previous positions: Supervisor of Real-Estate Financing in Kuwait Finance House, Head of Real Estate Investment at Noor Financial Investment Company, Vice Chairman of Board and CEO of Al Manar Financing & Leasing Co.

Qualifications: Bachelor's Degree in Accounting, Kuwait University, Kuwait.

Experience: He has wide experience in business management, financial auditing, risk management and real estate investment. Also served as a member of Kuwait Association of Accountants & Auditors and Kuwait Economic Society

SUMMARY OF EXECUTIVE MANAGEMENT CVS:

Current position: Savola Group CEO

Previous positions: CEO of Saudi Fransi Capital, and he worked as the Group Treasurer of Abdul Lateef Jamil and Capital Markets & Investment Advisor. He was also the General Manager of Deutsche Bank KSA. Additionally, he started his career with Banque Saudi Fransi in 1994, where he was the Head of Group Treasury and was a member of several executive committees in charge of develop and follow-up the implementation of the Group's treasury strategy.

Qualifications: Bachelor's Degree of Science in Accounting from California State University, USA.

Experience: He has over 29 years of banking, financial and investments experience, and his career has given him wide experience across a variety of business sectors and the financial services sector.

Current position: CEO of Savola Foods Company

Previous positions: Chief Portfolio Officer of Al-Faisaliah Group, CEO of Saudi Tadawi Healthcare, Chief Operating Officer of Basamh Trading and Industries Group, preceded by several international positions in Procter & Gamble company, in addition to being a Board Member of a number of other companies

Qualifications: Bachelor's Degree in Economics - American University, Egypt.

Experience: Leadership, planning and management of foods and industrial multinational companies and other diverse sectors.

Current position: CEO of Panda Retail Company

Previous positions: Director General at the Saudi Ministry of Health, Chief Executive Officer of Nahdi Medical Company, Scientific Office Manager of Merck & Co., and VP General Manager at GlaxoSmithKline.

Qualifications: Bachelor's Degree in Pharmaceutical Science - King Saud University, KSA

Experience: He has over 30 years of experience in numerous retails, pharmaceuticals, healthcare and FMCG leadership roles, in addition, he also serves as a Board Member from multiple public listed/semi-government and joint stock limited companies.

Current position: Chief Human Resources Officer

Previous positions: Human Resources Executive Director and Head of Talent Acquisition for Savola Group, and various positions in local and multinational companies, including Emaar Economic City, NCB and Cristal Global.

Qualifications: Certified Professional in Human Resources – Internationalism (PHRi) from the HR Certification Institute Master's Degree in Business Information Technology from DePaul University in Chicago, USA Bachelor's Degree in Management Information System from UBT.

Experience: Over 15 years of experience in the field of HR management, mainly covering HR business partnerships, staffing and recruitment, organization development, performance management, training and development, Saudization programs, and HR policies and procedures. Also, a member of Herfy's and Al Kabeer Group's Remuneration and Nomination Committee

Current position: Chief Corporate Governance, Compliance, Legal Affairs Officer, and Board Secretary

Previous positions: Various senior positions in Savola Group including Executive Director of Corporate Governance, Compliance and Legal Affairs of the Group, Director of Corporate Governance and Board Affairs for Savola and its subsidiaries including the Food and Retail sectors, and Senior Manager of Corporates, Board Affairs and Corporate Communications

Qualifications: Master's Degree in Law (LLM) - University of Cumbria, UK Bachelor's degree and a Master's Degree in Business Administration - Sudan University of Science and Technology (SUST), Sudan Certificates in Corporate Governance, Compliance, Board and Committees Secretary from reputable regional institutions

Experience: Over 20 years of experience in corporate governance, compliance, legal affairs, Board of Directors' affairs, investors' relations and shareholders' matters and corporate communications. Significant experience in providing corporate governance and legal consultations in CMA laws and regulations, companies' law, managing shareholders' meetings, preparing reports and legal memorandums, reviewing contracts and agreements to define and mitigate risks as well as following up cases before judicial bodies through litigation, arbitration, or amicable settlements.

Mr. Waleed Khalid Fatani



Mr. Sameh M. Hassan



Dr. Bander T. Hamooh



Mr. Morhaf M. Alsamman



Mr. Elnour Ali Saad



Mr. Wajid Usman Khan



Mr. Mohammad J. Nasr



Internal Control, Audit, and Risk Team:

Mr. Aly Assem Barakat



Mr. Yasser Hassan Dahlawi



Current position: Group Chief Financial Officer

Previous positions: CFO and Head of IT of Savola Foods Company, various other senior positions in Savola Group including Executive Director Group Finance and Treasury, Executive Director Corporate Finance, Finance Director and Assistant General Manager Finance, Assurance, and Business Advisory at PricewaterhouseCoopers (PwC) in Saudi Arabia and Pakistan

Qualifications: Master's Degree in Commerce - HEC, Pakistan Professional qualifications in Chartered Accountancy Fellow Member of Institute of Chartered Accountants of Pakistan Associate Member of Institute of Chartered Accountants of England and Wales, UK.

Experience: Over 20 years of experience in financial management, corporate finance, strategy and digital transformation with Savola Group and its subsidiaries. Member of Audit Committee in Panda Retail Company, Al Kabeer Group and Kinan International for Real Estate Development.

Current position: Group Chief Investment Officer

Previous positions: Various leadership positions in investment strategy and transactions across MENA, Europe and Asia in private equity, mergers and acquisitions, and consulting with leading global and regional companies such as Accenture, Credit Suisse, Gulf Capital and Al Mal Capital (an investments subsidiary of Dubai Investments PJSC).

Qualifications: Master's Degree in Business Administration - London Business School, UK

Bachelor's Degree in Industrial and Manufacturing Systems Engineering - Lehigh University, USA, USA

Experience: Experience in investment and operational strategy leadership, deal origination, restructuring, M&A, managing investment portfolios and exit plans across several sectors.

Current position: Group Chief Audit Officer

Previous positions: Senior Manager at Abu Dhabi Accountability Authority, Manager at KPMG, and Manager at Ernst & Young (EY)

Qualifications: Bachelor's Degree in Commerce (Accounting major) - University of Helwan, Egypt Licensed Certified Public Accountant, USA Member of American Institute of Certified Public Accountants & Chartered Global Management Accountant Association.

Experience: Over 29 years' experience in the financial sector field, internal controls, internal and external assurance, governance, enterprise risk management and compliance.

Current position: Executive Director, Risk Management

Previous positions: Head of Regulatory Compliance, Enterprise Risk Management at The National Commercial Bank (NCB), and Senior Advisor at KPMG, Saudi Arabia

Qualifications: Master of Science Degree in Engineering and Technology Management - Portland State University, USA

Bachelor of Science Degree in Industrial Engineering - King Fahad University of Petroleum and Minerals (KFUPM) KSA PMI Risk Management Professional (PMI-RMP) Certification

Experience: Over 10 years of experience in risk management, mainly covering enterprise risk management, risk reporting, Basel II/III, capital planning and allocation, and risk policies & procedures.

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

1) The Group's Main Activities:

The Group has a broad portfolio of activities. In the foods sector, this is mainly the production, marketing and distribution of edible oils, vegetable ghee, sugar, pasta, baked goods, specialty fats, seafood, frozen food and manufacturer and distributor of branded healthy snacks, cooking ingredients and pulses. The retail sector operates a chain of retail outlets. Savola also has significant investments in leading Saudi non-listed and listed companies such as Almarai Co. Herfy Food Services Co., and AlKabeer Group which operate in the food and retail sectors, and real estate development companies such as King Abdullah Economic City (Emaar) and Kinan International for Real Estate Development Co., as well as holdings in private equity funds.

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are:

| No. | Company name | Country of Incorporation | Core activities | Country presence | Ownership % (direct and indirect) | Capital (nominal share value) | Number of shares |
|--|--|--------------------------|---|---|-----------------------------------|-------------------------------|------------------|
| 1) Direct subsidiaries of the Company: | | | | | | | |
| a) Operating subsidiaries: | | | | | | | |
| 1. | Savola Foods Co. | KSA | Foods | Holding Company that manages investment in foods sector in KSA and overseas | 100% | SAR 2,200,000,000 | 220,000,000 |
| 2. | Panda Retail Co. (Panda) | KSA | Retail | KSA and Egypt | 100% | SAR 1,020,000,000 | 102,000,000 |
| 3. | Good Food Co. (GFC) | KSA | Holding Company | KSA and some GCC countries | 100% | SAR 10,000,000 | 1,000,000 |
| 4. | Al Matoun International for Real Estate Investment Holding Co. | KSA | Real Estate | KSA | 80% | SAR 100,000,000 | 100,000 |
| 5. | Herfy Food Services Co. | KSA | Restaurants and Manufacturing Bakery Products | KSA, Bangladesh, Nigeria and some GCC countries | 49% | SAR 646,800,000 | 64,680,000 |
| b) Holding and Dormant subsidiaries: | | | | | | | |
| 6. | Adeem Arabia Company | KSA | Holding Company | KSA | 100% | SAR 7,200,000 | 72,000 |
| 7. | Al Utur Arabian Co. for Commercial Investment | KSA | Holding Company | KSA | 100% | SAR 1,000,000 | 10,000 |
| 8. | Al Matana Holding Co. | KSA | Holding Company | KSA | 100% | SAR 50,000 | 5,000 |
| 9. | Madarek Investment Co. | Jordan | Holding Company | Jordan | 100% | JOD 1,000,000 | 1,000,000 |
| 10. | United Properties Development Co. | KSA | Dormant Company | KSA | 100% | SAR 4,000,000 | 400 |
| 2) Al Matana Holding Company: | | | | | | | |
| a. Subsidiaries controlled through Al Matana Holding Company: (% referred to Al Matana Holding Company direct and indirect ownership – Al Matana Holding Company is 100% owned by Savola Group) | | | | | | | |
| 11. | SGC Ventures Limited | Cayman Islands | Holding Company | Offshore Company | 100% | USD 50,000 | 50,000 |
| 12. | SGC Marketplace Venture | Cayman Islands | Holding Company | Offshore Company | 100% | USD 50,000 | 50,000 |
| 13. | SGC Agric-tech Ventures | Cayman Islands | Holding Company | Offshore Company | 100% | USD 50,000 | 50,000 |

| No. | Company name | Country of Incorporation | Core activities | Country presence | Ownership % (direct and indirect) | Capital (nominal share value) | Number of shares |
|--|---|------------------------------|---|----------------------------------|---|-------------------------------|------------------|
| 3) Savola Foods Company (SFC): | | | | | | | |
| a. Subsidiaries controlled through SFC: (% referred to SFC's direct and indirect ownership – SFC is 100% owned by Savola Group) | | | | | | | |
| 14. | Afia International Co. (AIC) | KSA | Manufacturing of Edible Oils | KSA, Egypt, Iran, Turkey, Jordan | 95.19% | SAR 500,000,000 | 50,000,000 |
| 15. | Savola Industrial Investment Co. (SIIC) | KSA | Holding Company | KSA | 100% | SAR 205,907,000 | 205,907 |
| 16. | El Maleka for Food Industries Co. | Egypt | Manufacturing of Pasta | Egypt | 100% | EGP 288,898,960 | 28,889,896 |
| 17. | International Foods Industries Co. | KSA | Manufacturing of Specialty Fats | KSA | 100% | SAR 107,000,000 | 10,700,000 |
| 18. | Snacking and Ingredients Food Holding Company Limited ("SIFCO") | UAE | Holding company | UAE | 100% | USD 10,000 | 1,000 |
| 19. | Commodities Sourcing Company for Trading | KSA | Trading Company | KSA | 100% | SAR 5,000,000 | 500,000 |
| 20. | Seafood International Two FZCO | UAE | Seafood Products Trading & Distribution | UAE | 100% | AED 100,000 | 10 |
| 21. | Savola for Sustainable Industrial Development Co. | KSA | Renewable energy | KSA | 100% | SAR 5,000,000 | 50,000 |
| 22. | Savola Foods Emerging Markets Co. (SFEM) | British Virgin Islands (BVI) | Holding Company | Offshore Company | 95.43% | SAR 130,000,000 | 13,000,000 |
| 23. | Savola Foods for Sugar Co. | Cayman Islands | Holding Company | Offshore Company | 95% (100% with Savola's direct ownership) | USD 50,000 | 5,000 |
| 24. | Savola Foods Company International Limited (SFCI) | United Arab Emirates (UAE) | Holding Company | UAE | 100% | AED 500,000 | 500 |
| 25. | Seafood International Holding Co. | Cayman Islands | Holding Company | Offshore Company | 100% | USD 10,000 | 10,000 |
| 26. | Al Maoun International Holding Co. (Al Maoun) | KSA | Holding Company | KSA | 100% | SAR 1,000,000 | 1,000 |
| 27. | Marasina International Real Estate Investment Co. (Marasina) | KSA | Holding Company | KSA | 100% | SAR 200,000 | 200 |
| 28. | Afia Foods Arabia Co. | KSA | Dormant Company | KSA | 100% | SAR 1,000,000 | 1,000 |
| b. Subsidiaries controlled through AIC: (% referred to AIC's direct and indirect ownership; AIC is 95.19% owned by SFC) | | | | | | | |
| 29. | Savola Behshahr Co. (SBeC) | Iran | Holding Company | Iran | 90% | IRR 740,000,000,000 | 740,000,000 |
| 30. | KUGU Gida Yatum ve Ticaret A.S (KUGU) | Turkey | Holding Company | Turkey | 100% | TRL 26,301,280 | 2,630,128 |
| 31. | Savola Foods Ltd. (SFL) | BVI | Holding Company | Offshore Company | 100% | USD 52,000 | 52,000 |
| 32. | Inveszk Inc. | BVI | Holding Company | Offshore Company | 90% | USD 138,847 | 138,847 |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

| No. | Company name | Country of Incorporation | Core activities | Country presence | Ownership % (direct and indirect) | Capital (nominal share value) | Number of shares |
|---|--|--------------------------|---|-------------------|---|-------------------------------|------------------|
| 33. | Aseel Food – Holding Co. | Cayman Islands | Holding Company | Offshore Company | 100% | USD 50,000 | 50,000 |
| 34. | Malintra Holdings Ltd. | Luxembourg | Dormant Company | Offshore Company | 100% | EUR 1,250,000 | 1,250 |
| 35. | Afia International Co. – Jordan | Jordan | Dormant Company (under Liquidation) | Jordan and Levant | 98.57% | JOD 8,000,000 | 8,000,000 |
| 36. | Afia Trading International | BVI | Dormant Company | Offshore Company | 100% | USD 500,000 | 500,000 |
| 37. | Savola Foods International | BVI | Dormant Company | Offshore Company | 100% | USD 50,000 | 50,000 |
| c. Subsidiaries controlled through SBeC: (% referred to SBeC's ownership; SBeC is 90% owned by AIC) | | | | | | | |
| 38. | Behshahr Industrial Co. | Iran | Manufacturing of Edible Oils | Iran | 79.9% | IRR 29,500,000,000,000 | 29,500,000,000 |
| 39. | Tolue Pakshe Aftab Co. | Iran | Trading and Distribution | Iran | 100% | IRR 100,000,000,000 | 100,000,000 |
| 40. | Savola Behshahr Sugar Co. | Iran | Trading and Distribution | Iran | 100% | IRR 100,000,000 | 100,000 |
| 41. | Notrika Golden Wheat Co. | Iran | Manufacturing of Food and Confectionery | Iran | 100% | IRR 200,000,000,000 | 200,000,000 |
| d. Subsidiaries Controlled through Behshahr Industrial Co: (% referred to Behshahr Industrial Co: Behshahr Industrial Co is 79.9% owned by SBeC) | | | | | | | |
| 42. | Mahsoolat Diryaee Tam Afarin Saba Co. | Iran | Seafood Products Trading & Distribution | Iran | 100% | IRR 50,000,000,000 | 50,000,000 |
| e. Subsidiaries controlled through SFL: (% referred to SFL's ownership; SFL is 100% owned by AIC) | | | | | | | |
| 43. | Afia International Co. Egypt | Egypt | Manufacturing of Edible Oils | Egypt | 99.95% | EGP 154,651,500 | 30,930,300 |
| f. Subsidiaries controlled through Afia International Co. Egypt: (% referred to Afia International Co. Egypt ownership; Afia International Co. Egypt is 99.95% owned by SFL) | | | | | | | |
| 44. | Savola For Export and Import | Egypt | Trading and distribution | Egypt | 49% | EGP 5,000,000 | 10,000 |
| g. Subsidiaries controlled through KUGU:(% referred to KUGU's direct and indirect ownership; KUGU is 100% owned by AIC) | | | | | | | |
| 45. | Savola Gida Sanayi ve Ticaret Anonim Şirketi | Turkey | Manufacturing of Edible Oils | Turkey | 100% | TRL 4,433,569 | 443,356,900 |
| h. Subsidiaries controlled through SIIC: (% referred to SIIC's ownership; SIIC is 100% owned by SFC) | | | | | | | |
| 46. | United Sugar Co. (USC) | KSA | Manufacturing of Sugar | KSA | 74.48% | SAR 395,000,000 | 39,500,000 |
| i. Subsidiaries controlled through USC: (% referred to USC's direct and indirect ownership; USC is 74.48% owned by SIIC) | | | | | | | |
| 47. | Alexandria Sugar Co. – Egypt (ASCE) | Egypt | Manufacturing of Sugar | Egypt | 62.13 % (69.66% including SFC %) and (71.66 with SGC ownership) | EGP 1,358,388,000 | 1,358,388 |

| No. | Company name | Country of Incorporation | Core activities | Country presence | Ownership % (direct and indirect) | Capital (nominal share value) | Number of shares |
|---|--|--------------------------|-------------------------------------|------------------|-----------------------------------|-------------------------------|------------------|
| 48. | Beet Sugar Industries | Cayman Islands | Dormant Company | Offshore Company | 100% | USD 1,000 | 1,000 |
| j. Subsidiaries controlled through ASCE: (% referred to ASCE ownership; ASCE is 71.66% owned by SGC directly and indirectly) | | | | | | | |
| 49. | Alexandria United Co. for Land Reclamation | Egypt | Agro Cultivation | Egypt | 100% | USD 22,500,000 | 225,000 |
| k. Subsidiaries controlled through SFEM: (% referred to SFEM's direct and indirect ownership; SFEM is 95.4% owned by SFC) | | | | | | | |
| 50. | Afia International Co. – Algeria | Algeria | Manufacturing of Edible Oils | Algeria | 100% | DZD 3,028,071,000 | 3,028,071 |
| 51. | Savola Edible Oils (Sudan) Co. | Sudan | Manufacturing of Edible Oils | Sudan | 100% | SDG 45,800,000 | 45,800,000 |
| l. Subsidiaries controlled through SFCI: (% referred to SFCI's ownership; SFCI is 100% owned by SFC) | | | | | | | |
| 52. | Modern Behtaam Royan Kaveh Co. | Iran | Food and Confectionery | Iran | 100% | IRR 50,000,000,000 | 50,000,000 |
| 53. | Middle East Technology Venture Ltd. | Cayman Islands | Holding Company | Offshore Company | 100% | USD 50,000 | 50,000 |
| m. Subsidiaries controlled through Al Maoun and Marasina: (% referred to Al Maoun and Marasina's ownership; both companies are 100% owned by SFC) | | | | | | | |
| 54. | Alofog Trading DMCC | UAE | Trading and Distribution | UAE | 100% | AED 2,000 | 50 |
| n. Subsidiaries controlled through SIFCO: (% referred to SIFCO's ownership; SIFCO is 100% owned by SFC) | | | | | | | |
| 55. | Bayara Holding Limited | Cayman Islands | Holding company | Offshore Company | 100% | USD 137,500 | 13,750,000 |
| 56. | Bayara FZE | UAE | Holding company | UAE | 100% | AED 5,000,000 | 5 |
| 57. | Savola Snacks | Egypt | Manufacturing of Snacks | Egypt | 99% | EGP 50,000,000 | 50,000 |
| o. Subsidiaries controlled through Bayara Holding Limited: (% referred to Bayara Holding Limited ownership; Bayara Holding Limited is 100% owned by SIFCO) | | | | | | | |
| 58. | Kamali Investment Limited | UAE | Holding Company | UAE | 100% | AED 10,000 | 10,000 |
| 59. | Kandoo Worldwide Limited | BVI | Managing Trademark | Offshore Company | 100% | USD 50,000 | 50,000 |
| p. Subsidiaries controlled through Bayara FZE: (% referred to Bayara FZE ownership; Bayara FZE is 100% owned by SIFCO) | | | | | | | |
| 60. | GYMA Food Industries | UAE | Processing spices, nuts, and pulses | UAE | 100% | AED 300,000 | 300 |
| 61. | Bayara Saudi Arabia Limited Group | KSA | Processing spices, nuts, and pulses | KSA | 100% | SAR 3,000,000 | 3,000 |
| 62. | GYMA Trading LLC | UAE | Trading of spices, nuts and pulses | UAE | 100% | AED 300,000 | 300 |
| 63. | Profood Holdings Limited | UAE | Dormant Company Under (Liquidation) | UAE | 100% | AED 10,000 | 100 |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

| No. | Company name | Country of Incorporation | Core activities | Country presence | Ownership % (direct and indirect) | Capital (nominal share value) | Number of shares |
|---|--|--------------------------|---|------------------|---|---|------------------|
| q. Subsidiaries controlled through Seafood International Two FZCO: (% referred to Seafood International Two FZCO ownership; Seafood International Two FZCO is 100% owned by SFC) | | | | | | | |
| 64. | Seafood International One FZCO | UAE | Seafood Products Trading & Distribution | UAE | 80%(100% with SFC ownership) | AED 100,000 | 100 |
| 4) Panda Retail Co. (Panda): | | | | | | | |
| a. Subsidiaries controlled through Panda: (% referred to Panda's direct and indirect ownership; Panda is 100% owned by Savola) | | | | | | | |
| 65. | Giant Stores Trading Ltd. | KSA | Retail | KSA | 100% | SAR 50,000,000 | 50,000 |
| 66. | Panda for Operations, Maintenance & Contracting Services Co. | KSA | Services and Maintenance | KSA | 100% | SAR 500,000 | 500 |
| 67. | Panda International for Retail Trading | Egypt | Retail | Egypt | 100% | Issued Capital EGP 500,000,000 Paid Capital EGP 50,000 | 50,000,000 |
| 68. | Atabet Al Bab Communications and Information Technology LLC | KSA | E-commerce | KSA | 100% | SAR 200,000 | 200,000 |
| 69. | Panda Bakeries Co. | KSA | Dormant Company | KSA | 100% | SAR 500,000 | 500 |
| b. Subsidiaries controlled through Giant Stores Trading Co.: (% referred to Giant Stores Trading Co. Ownership; Giant Stores Trading Co. is 100% owned by Panda) | | | | | | | |
| 70. | Lebanese Sweets and Bakeries Ltd. | KSA | Dormant Company | KSA | (99% with Savola Group direct ownership). | SAR 5,000,000 | 5,000 |
| 5) Al Kabeer Group Companies: | | | | | | | |
| a. Subsidiaries controlled through GFC: (% referred to GFC's direct and indirect ownership; GFC is 100% owned by Savola Group) | | | | | | | |
| 71. | Variety Foods Factory Co. | KSA | Frozen Food Manufacturing | KSA | 51% | SAR 5,000,000 | 5,000 |
| 72. | Al Ahsan Trading Co. | KSA | Trading and Distribution | KSA | 51% | SAR 27,000,000 | 27,000 |
| 73. | Al Helal for Import & Export Co. | Bahrain | Trading and Distribution | Bahrain | 51% | BHD 20,000 | 200 |
| 74. | Al Kabeer Holding Co. | UAE | Holding Company | UAE | 51% | USD 100 | 100 |
| b. Subsidiaries controlled through Al Kabeer Holding Co.: (% referred to Al Kabeer Holding direct and indirect ownership; Al Kabeer Holding is 51% owned by GFC) | | | | | | | |
| 75. | Sahar Enterprises Co. | UAE | Trading and Distribution | UAE | 51% | AED 181,500,000 | 181,500 |
| 76. | Sahar Food Industries Co. | UAE | Frozen Food Manufacturing | UAE | 51% | AED 300,000 | 300 |
| 77. | Best Foodstuff Trading Co. | UAE | Trading and Distribution | UAE | 51% | AED 3,000,000 | 3,000 |

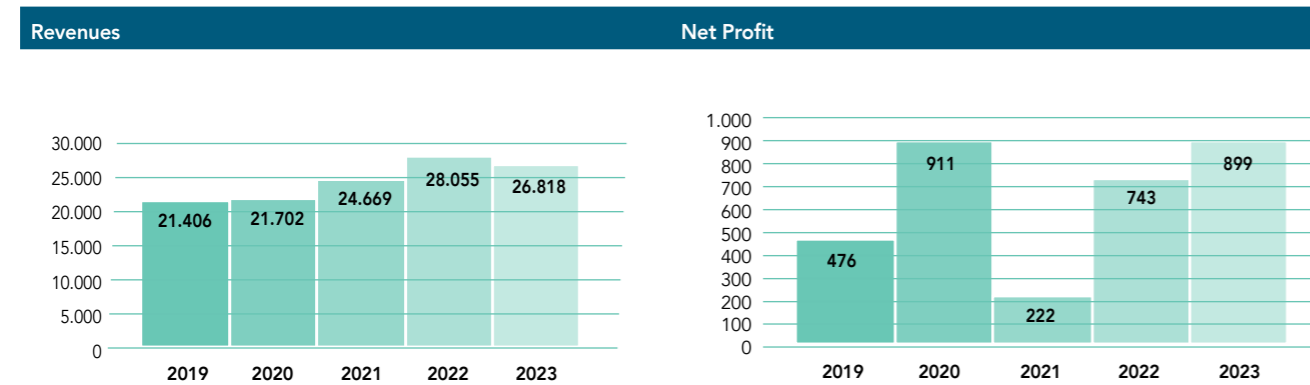
| No. | Company name | Country of Incorporation | Core activities | Country presence | Ownership % (direct and indirect) | Capital (nominal share value) | Number of shares |
|--|---|-------------------------------|--------------------------------------|------------------|-----------------------------------|-------------------------------|------------------|
| 78. | Cascade Investments Limited | UAE | Investment Company | UAE | 100% | USD 125,000 | 1,250 |
| 79. | Cascade Marine Foods Co. | UAE | Frozen Food Manufacturing | UAE | 100% | AED 750,000 | 100 |
| 80. | Al Sabah Foodstuff Enterprises Co. | UAE | Trading and Distribution | UAE | 100% | AED 500,000 | 500 |
| 81. | Best Foods Co. | Oman | Food Distribution | Oman | 100% | OMR 150,000 | 150,000 |
| 6) Investees: (investments in sister companies) | | | | | | | |
| 82. | Almarai Co. | KSA | Fresh Food Products | KSA | 34.52% | SAR 10,000,000,000 | 1,000,000,000 |
| 83. | Kinan International for Real Estate Development Co. | KSA | Real Estate Development | KSA | 29.99% | SAR 1,200,000,000 | 120,000,000 |
| 84. | United Sugar Company, Egypt ("USCE") | Egypt | Manufacturing of sugar | Egypt | 33.82% | USD 138,851,128 | 17,733,222 |
| 85. | Intaj Capital Ltd. | Republic of Tunisia (Tunisia) | Fund Management | Tunisia | 49% | USD 207,200,000 | 260,000 |
| 7) Investments available for sale: | | | | | | | |
| Listed: | | | | | | | |
| 86. | Emaar the economic city | KSA | Real Estate | KSA | 0.87% | SAR 8,500,000,000 | 850,000,000 |
| 87. | Arab Phoenix Holdings Co. | Jordan | Real Estate Development | Jordan | 5% | JOD 86,840,292 | 86,840,292 |
| Unlisted: | | | | | | | |
| 88. | Joussor Holding Co. | KSA | Investment Funds (under Liquidation) | KSA | 14.81% | SAR 600,000,000 | 60,000,000 |
| 89. | Swicorp Co. | KSA | Investment Management | KSA | 15% | SAR 500,000,000 | 50,000,000 |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

2) Performance of the Group

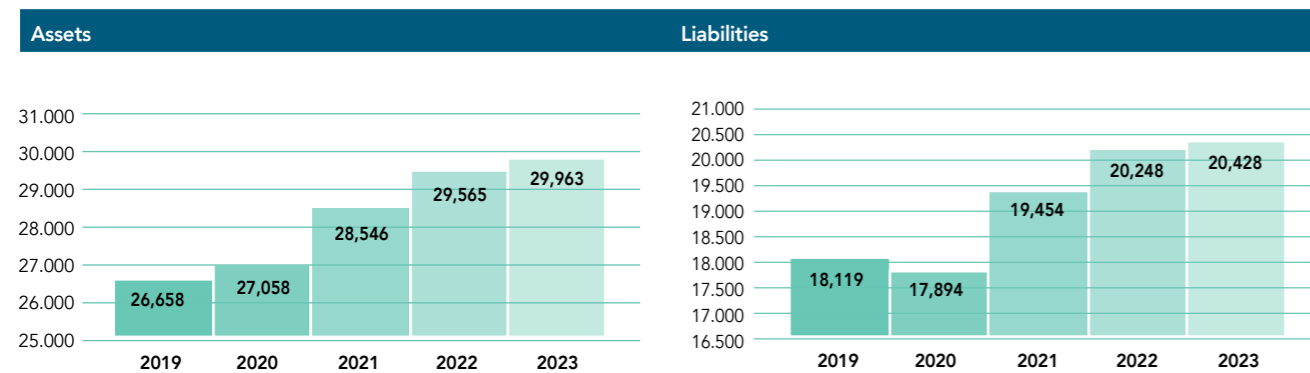
2-1) Summary of the Company's assets and liabilities and financial results for the last 5 years

a) Comparison of the Company's financial results (SAR million):



| Item (SAR '000s) | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | 26,818,317 | 28,054,703 | 24,669,163 | 21,701,941 | 21,406,424 |
| Cost of Revenues | (21,374,973) | (23,180,622) | (20,190,449) | (17,061,558) | (16,902,120) |
| Gross Profit | 5,443,344 | 4,874,081 | 4,478,714 | 4,640,383 | 4,504,304 |
| (Net Profit (loss)) | 899,185 | 742,752 | 221,879 | 910,802 | 475,630 |

b) Comparison of the Company's assets and liabilities (SAR million):



| Item (SAR '000s) | 2023 | 2022 | 2021 | 2020 | 2019 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Current assets | 9,546,496 | 9,453,964 | 7,941,295 | 6,464,347 | 5,969,924 |
| Non-current assets | 20,416,167 | 20,110,684 | 20,604,624 | 20,594,037 | 20,687,787 |
| Total assets | 29,962,663 | 29,564,648 | 28,545,919 | 27,058,384 | 26,657,711 |
| Current liabilities | 11,329,164 | 11,644,462 | 9,458,120 | 8,183,856 | 8,863,915 |
| Non-current liabilities | 9,098,979 | 8,603,493 | 9,995,986 | 9,709,974 | 9,254,726 |
| Total liabilities | 20,428,143 | 20,247,955 | 19,454,106 | 17,893,830 | 18,118,641 |

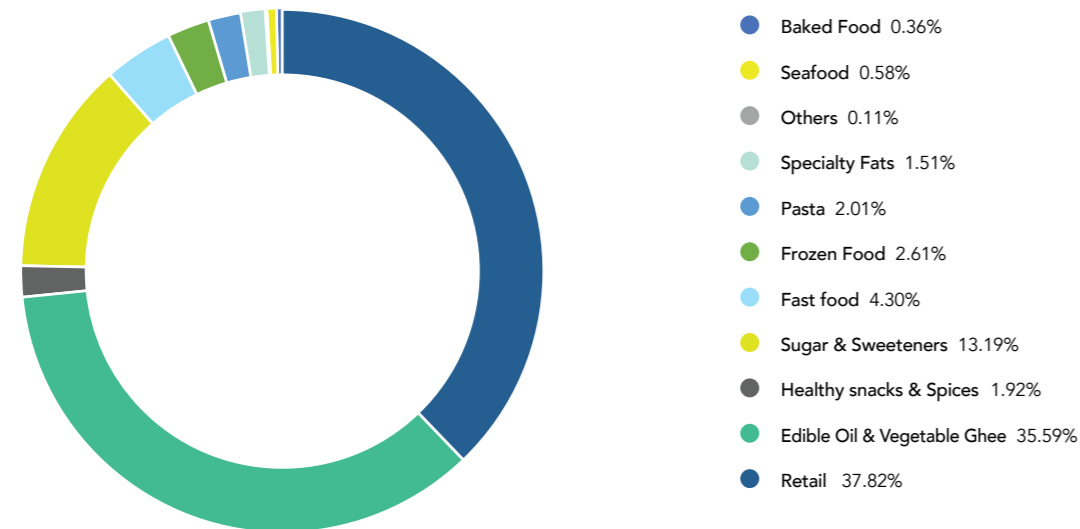
2-2) Geographical analysis of the Company's and its subsidiary revenues

Below is the Group's consolidated revenue for 2023 compared to the previous year business-wise (edible oils and vegetable ghee, sugar and sweeteners, pasta, seafood, frozen food, retail sector, fast food, specialty fats and healthy snacks (raw & roasted nuts, dates, seeds, dried fruits, and confectionery) and cooking ingredients (herbs, spices and pulses), including geographical analysis based on availability of brands and products in countries:

| Business line/country | Brands | 2023 (SAR '000s) | 2022 (SAR '000s) |
|---|---|---------------------|---------------------|
| Edible oil and vegetable ghee | | | |
| KSA, GCC and Yemen | Afia, Al Arabi, Olite, Shams, Halah, Dalal, Nakeel, Leeza, Nisreen, Zahra, Sunvita, Baytuati | 2,917,101 | 3,331,255 |
| Egypt, and Levant | Rawabi, Afia, Ganna, Slite, Helwa, Hanadi, Shams, Bent El Balad, Tahi, Ganna Mix | 2,869,882 | 2,732,047 |
| Central Asia | Ladan, Aftab, Bahar, Afia, Almas | 2,274,478 | 2,383,766 |
| Sudan | Al Tayeb, Sabah, Shams, Zaki | 148,900 | 778,720 |
| Morocco | Afia, Hala | 118,373 | 625,445 |
| Turkey | Yudum, Sirma, Afia, Yudum Egemden | 777,266 | 961,650 |
| Algeria | Afia, Olor, Oler Crusty | 615,898 | 633,644 |
| Total edible oil and vegetable ghee revenues | | 9,721,898 | 11,446,527 |
| Sugar and sweeteners | | | |
| KSA, GCC and Yemen | Al Osra, Ziadah, Safaa, Nehar, Hala, Sweeva, Sweet & Fit | 2,957,707 | 2,756,691 |
| Egypt | Al Osra | 644,683 | 469,506 |
| Total sugar and sweeteners revenues | | 3,602,390 | 3,226,197 |
| Total pasta products – Egypt | | | |
| | El Maleka, Macaronto, Italiano | 548,632 | 528,042 |
| Total seafood products –KSA, GCC, Egypt, Central Asia, and Algeria | | | |
| | Sahel, Ladan Gold, Afia | 158,070 | 143,277 |
| Total baked food products – Central Asia | | | |
| | Pech-Pech, Happy | 97,382 | 84,886 |
| Total specialty fats and margarine – KSA, Turkey and Egypt | | | |
| | Savola Professional Culina, Savola Professional AlTahi, Margarina, Vala, Sava, Savola Pure, Al Tahi | 412,384 | 557,896 |
| Healthy snacks & Spices KSA and GCC | | | |
| | Bayara, Afia, Bayara world (retail stores) | 524,576 | 453,978 |
| Total foods revenues | | 15,065,332 | 16,440,803 |
| Retail | | | |
| KSA | Hyper Panda, Panda Supermarket | 10,168,903 | 9,956,831 |
| Egypt | Panda Supermarket | 162,474 | 157,179 |
| Total retail revenues | | 10,331,377 | 10,114,010 |
| Fast food | | | |
| Fast food and restaurants- KSA | Herfy, Doka | 1,173,696 | 1,243,838 |
| Total fast food and restaurants | | 1,173,696 | 1,243,838 |
| Frozen food products | | | |
| KSA and GCC | Al Kabeer, Tayebat Al Emarat, Tabarruk | 714,072 | 670,009 |
| Total frozen food products | | 714,072 | 670,009 |
| Others | | | |
| Real estate – KSA | | 29,557 | 27,335 |
| Total other activities revenues | | 29,557 | 27,335 |
| Gross revenues | | 27,314,034 | 28,495,995 |
| Consolidated intercompany elimination | | (495,717) | (441,292) |
| Total revenues | | 26,818,317 | 28,054,703 |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

Breakdown of sector and main Group activity contributions to 2023 consolidated revenues



2-3) Statement of any material differences in the operational results compared to the preceding year's results

| Income statement | 2023 (SAR '000s) | 2022 (SAR '000s) | Variance (+) or (-) (SAR '000s) | Variance % |
|------------------------------|---------------------|---------------------|------------------------------------|------------|
| Revenues | 26,818,317 | 28,054,703 | (1,236,386) | -4.4% |
| Cost of revenues | (21,374,973) | (23,180,622) | 1,805,649 | -7.8% |
| Gross profit | 5,443,344 | 4,874,081 | 569,263 | 11.7% |
| Operational revenues – Other | 718,813 | 660,581 | 58,232 | 8.8% |
| Operational expenses – Other | (3,830,707) | (3,866,796) | 36,089 | -0.9% |
| Operational profit | 2,331,450 | 1,667,866 | 663,584 | 39.8% |

Declaration: The Company did not announce any financial expectations during 2023.

The reasons for the change in net profit for 2023 compared to last year:

The Group recorded net profit for the year ended 31 December 2023 amounting to SAR 899 million versus net profit of SAR 743 million for last year showing a 21% increase. The increase in net profit is mainly attributed to the Increase in gross profit reported in the Food Processing, Retail and Frozen Foods segments; Higher share of profits from associates; net impairment reversal amounting to SAR 111.9 million during 2023 for certain non-current assets mainly in the Foods Processing and Retail segments. Net impairment reversal during 2022 amounting to SAR 65.2 million for certain non-current assets mainly in the Foods processing, Retail and Food Services segments; and Refund of custom duty from regulatory authority in KSA having a net impact of SAR 23.3 million. The increase in net profit is despite of the capital gain on disposal of investments/operations amounting to SAR 18.7 million during 2023 which is lower than the capital gain on disposal of investments during 2022 amounting to SAR 41.8 million; higher net finance cost; higher operating expenses; and higher zakat and income tax expense. Moreover, the Retail segment achieved operational breakeven for the year ended 31 December 2023.

2-4) Details of long and short-term loans and payment status

Savola has a long-standing policy to adopt Shariah-compliant financial transactions whenever possible. Accordingly, all Group loans and deposits within Saudi Arabia are Shariah-compliant, as well as some arranged by overseas subsidiaries.

In July 2019, the Group completed the offering of its Sukuk, under a new program, with a total value of SAR 1 billion with a tenure of 7 years, which will mature in July 2026. The issuance included SAR 507 million of the previous Sukuk, which was redeemed and exchanged. Accordingly, the nominal value of the previous Sukuk decreased from SAR 1.5 billion to SAR 993 million. Certain loans arranged by overseas subsidiaries are subject to structure and policies adopted in those countries, which may differ from those in Saudi Arabia.

Finance charges for Group loans (short-term and long-term borrowings) from various commercial banks and financial institutions during 2023 (at prevailing market rates) reached SAR 730 million compared to SAR 419 million in the previous year. With regards to loan guarantees granted by the Group to its subsidiaries (see table below), the Group usually signs promissory notes as a guarantee to its own loans and a corporate guarantee for some of its subsidiaries' loans, according to the requirements of the lending banks or financial institutions.

Details of long-term and short-term loans of the Group and its subsidiaries obtained in the normal course of business are as follows:

a) Long-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2023 (SAR '000s):

| No. | Borrowing company | Lender | Loan period | Date issued | Original amount | Amount paid in 2023 | Balance Dec 2023 | Balance Dec 2022 |
|-----|-------------------|---------------------|-------------|-------------|-----------------|---------------------|------------------|------------------|
| 1. | Savola Group Co. | Bank Al Jazira | 7 years | Nov-18 | 300,000 | 50,000 | 100,000 | 150,000 |
| | | Bank Al Jazira | 7 years | Dec-19 | 500,000 | | 500,000 | 500,000 |
| | | Bank Al Jazira | 7 years | Dec-21 | 75,000 | | 75,000 | 75,000 |
| | | Bank Al Jazira | 7 years | Feb-22 | 200,000 | | 200,000 | 200,000 |
| | | Saudi Awwal Bank | 5 years | Sep-18 | 750,000 | 187,500 | - | 187,500 |
| | | Saudi Awwal Bank | 7 years | Feb-19 | 800,000 | 132,000 | 297,000 | 429,000 |
| | | Saudi Awwal Bank | 7 years | Feb-22 | 100,000 | | 100,000 | 100,000 |
| | | Al Rajhi Bank | 7 years | Dec-21 | 125,000 | | 125,000 | 125,000 |
| | | Saudi Fransi Bank | 7 years | Dec-21 | 200,000 | | 200,000 | 200,000 |
| | | Saudi Fransi Bank | 7 years | Feb-22 | 300,000 | | 300,000 | 300,000 |
| | | Riyad Bank | 5 years | Feb-22 | 150,000 | 20,000 | 130,000 | 150,000 |
| | | Saudi National Bank | 5 years | Sep-23 | 1,000,000 | | 1,000,000 | - |
| | | Sukuk | 7 years | Jul-19 | 1,000,000 | | 1,000,000 | 1,000,000 |
| | | SAVOLA GROUP | | | | | | |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

| No. | Borrowing company | Lender | Loan period | Date issued | Original amount | Amount paid in 2023 | Balance Dec 2023 | Balance Dec 2022 |
|--|--|-----------------------------------|-------------|-------------|-----------------|---------------------|------------------|------------------|
| 2. | Afia Intl. Co. - Egypt* | National Bank of Kuwait | 5 years | Jan-19 | 16,000 | 5,360 | 1,329 | 6,687 |
| AFIA INTERNATIONAL CO. | | | | | | | 1,329 | 6,687 |
| 3. | Savola Foods Co. | Al Rajhi Bank | 7 years | Dec-21 | 175,000 | 135,000 | 40,000 | 175,000 |
| | | Bank Al Jazira | 7 years | Dec-21 | 300,000 | - | 300,000 | 300,000 |
| | | Saudi Fransi Bank | 7 years | Nov-21 | 300,000 | - | 300,000 | 300,000 |
| | | Saudi Awwal Bank | 7 years | Dec-21 | 200,000 | - | 200,000 | 200,000 |
| SAVOLA FOODS CO. | | | | | | | 840,000 | 975,000 |
| 4. | El Maleka for Food Industries Co. * | National Bank of Kuwait | 5.3 years | Dec-18 | 28,173 | 3,195 | 2,394 | 5,993 |
| EL MALEKA FOR FOOD INDUSTRIES CO. | | | | | | | 2,394 | 5,993 |
| 5. | Alexandria Sugar Co. * | Commercial International Bank | 13 Years | Mar-10 | 529,937 | 23,724 | 11,863 | 44,536 |
| | United Sugar Co. | Saudi Industrial Development Fund | 2 Years | Dec-23 | 150,000 | - | 150,000 | - |
| SAVOLA INDUSTRIAL INVESTMENT CO. | | | | | | | 161,863 | 44,536 |
| 6. | Savola Snacks* | National Bank of Kuwait | 7 Years | May-22 | 84,444 | - | 55,062 | 63,461 |
| SAVOLA SNACKS | | | | | | | 55,062 | 63,461 |
| 7. | Herfy Food Services Co. | Al Rajhi Bank | 4-6 years | 2014-2017 | 499,996 | 15,612 | - | 15,612 |
| HERFY FOOD SERVICES CO. | | | | | | | - | 15,612 |
| TOTAL LONG TERM LOANS | | | | | | | 5,087,648 | 4,527,790 |

* December 2023 loan value changed due to currency effect

b) Short-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2023 (SAR '000s):

| No. | Borrowing company | Lender | Loan period | Date issued | Balance Dec 2023 | Balance Dec 2022 |
|-----------------------------|---------------------------------------|-------------------------------------|-------------|-------------|------------------|------------------|
| 1. | Savola Group Co. | Arab National Bank | 1 Month | Dec-23 | 350,000 | - |
| | | Saudi National Bank | 1 Month | Dec-23 | 530,000 | - |
| SAVOLA GROUP | | | | | 880,000 | 650,000 |
| 2. | Panda Retail Co. | Arab National Bank | 1 Month | Dec-23 | 100,000 | - |
| PANDA RETAIL COMPANY | | | | | 100,000 | 330,000 |
| 3. | Afia International Co. | Arab National Bank | 1 Month | Dec-23 | 275,000 | - |
| | | Saudi National Bank | 1 Month | Dec-23 | 425,000 | - |
| | | Gulf International Bank | 1 Month | Dec-23 | 320,000 | - |
| 4. | Afia International Co. - Egypt | .Hongkong and Shanghai Banking Corp | 1 Month | Dec-23 | 38,327 | - |
| | | First Abu Dhabi Bank | 1 Month | Dec-23 | 106,402 | - |
| | | Commercial International Bank | 1 Month | Dec-23 | 2,812 | - |
| | | National Bank of Kuwait | 1 Month | Dec-23 | 17,692 | - |
| | | QNB | 1 Month | Dec-23 | 24,372 | - |
| | | Emirates NBD | 1 Month | Dec-23 | 23,919 | - |
| | | Mashreq Bank | 1 Month | Dec-23 | 5,789 | - |
| | | National Bank of Kuwait | 1 Month | Dec-23 | 7,472 | - |
| 5. | Behshahr Industrial Co. | Tejarat Bank | 6 Month | Jul-23 | 9,508 | - |
| | | Bank Mellat | 6 Month | Sep-23 | 25,766 | - |
| | | khavarmianeh | 3 Month | Nov-23 | 15,232 | - |
| | | Karafarin Bank | 3 Month | Oct-23 | 8,643 | - |
| | | Karafarin Bank | 3 Month | Nov-23 | 20,168 | - |
| | | Saman Bank | 6 Month | Jul-23 | 2,881 | - |
| | | Saman Bank | 6 Month | Sep-23 | 14,406 | - |
| | | Saman Bank | 6 Month | Sep-23 | 14,406 | - |
| | | Saman Bank | 6 Month | Sep-23 | 14,406 | - |
| | | Saman Bank | 6 Month | Jul-23 | 2,881 | - |
| | | Saman Bank | 6 Month | Sep-23 | 9,604 | - |
| | | Bank Passargad | 6 Month | Sep-23 | 12,485 | - |
| | | Parsian Bank | 12 Month | Aug-23 | 36,111 | - |
| | | Bank Keshavarzi | 6 Month | Sep-23 | 4,802 | - |
| | | Bank Keshavarzi | 6 Month | Jul-23 | 3,842 | - |
| | | Karafarin Bank | 3 Month | Nov-23 | 14,406 | - |
| | | Saman Bank | 6 Month | Sep-23 | 4,802 | - |
| | | Saman Bank | 6 Month | Sep-23 | 13,445 | - |
| | | Saman Bank | 6 Month | Sep-23 | 4,802 | - |
| | | Saman Bank | 6 Month | Sep-23 | 10,007 | - |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

| No. | Borrowing company | Lender | Loan period | Date issued | Balance Dec 2023 | Balance Dec 2022 | | |
|-----|----------------------------------|--|-------------|-------------|------------------|------------------|------------------|------------------|
| 6. | Savola Gıda Sanayi ve Ticaret AS | Hongkong and Shanghai Banking Corp. | 12 months | Mar-23 | 7,037 | | | |
| | | Hongkong and Shanghai Banking Corp. | 12 months | Sep-23 | 12,757 | | | |
| | | Hongkong and Shanghai Banking Corp. | 12 months | Sep-23 | 6,312 | | | |
| | | Hongkong and Shanghai Banking Corp. | 12 months | Jun-23 | 6,091 | | | |
| | | Hongkong and Shanghai Banking Corp. | 12 months | Jul-23 | 6,379 | | | |
| | | Hongkong and Shanghai Banking Corp. | 6 months | Sep-23 | 8,760 | | | |
| | | Hongkong and Shanghai Banking Corp. | 6 months | Dec-23 | 5,998 | | | |
| | | Hongkong and Shanghai Banking Corp. | 6 months | Sep-23 | 3,737 | | | |
| | | Hongkong and Shanghai Banking Corp. | 6 months | Dec-23 | 2,845 | | | |
| | | Hongkong and Shanghai Banking Corp. | 12 months | Jul-23 | 6,379 | | | |
| | | European Bank for Reconstruction and Development | 12 months | Jun-23 | 4,382 | | | |
| | | European Bank for Reconstruction and Development | 12 months | Jun-23 | 11,425 | | | |
| | | European Bank for Reconstruction and Development | 12 months | Jun-23 | 20,922 | | | |
| | | QNB Finansbank | 6 months | Aug-23 | 3,645 | | | |
| | | QNB Finansbank | 6 months | Aug-23 | 1,276 | | | |
| | | QNB Finansbank | 8 months | Aug-23 | 893 | | | |
| | | QNB Finansbank | 6 months | Aug-23 | 3,189 | | | |
| | | QNB Finansbank | 12 months | Apr-23 | 574 | | | |
| | | QNB Finansbank | 12 months | May-23 | 3,113 | | | |
| | | Ziraat Bankasi | 12 months | Apr-23 | 638 | | | |
| | | Ziraat Bankasi | 12 months | Sep-23 | 2,551 | | | |
| | | Ziraat Bankasi | 12 months | Sep-23 | 2,551 | | | |
| | | Ziraat Bankasi | 12 months | Aug-23 | 1,276 | | | |
| | | Ziraat Bankasi | 12 months | Jul-23 | 638 | | | |
| | | Halkbank | 12 months | Nov-23 | 255 | | | |
| | | Halkbank | 6 months | Jul-23 | 686 | | | |
| | | Halkbank | 6 months | Jul-23 | 359 | | | |
| | | Halkbank | 6 months | Jul-23 | 359 | | | |
| | | Halkbank | 6 months | Jul-23 | 359 | | | |
| | | Halkbank | 12 months | Feb-23 | 638 | | | |
| | | Halkbank | 12 months | Feb-23 | 255 | | | |
| | | Halkbank | 12 months | Sep-23 | 383 | | | |
| | | Halkbank | 12 months | Sep-23 | 638 | | | |
| | | Turkiye Finans | 5 months | Jul-23 | 7,591 | | | |
| | | Turkiye Finans | 3 months | Oct-23 | 6,379 | | | |
| | | ISBANK | 6 months | Oct-23 | 12,757 | | | |
| | | DENIZBANK | 6 months | Sep-23 | 6,379 | | | |
| | | Hongkong and Shanghai Banking Corp. | 6 months | Dec-23 | 8,688 | | | |
| | | AFIA INTERNATIONAL CO. | | | | | 1,658,477 | 1,899,637 |

| No. | Borrowing company | Lender | Loan period | Date issued | Balance Dec 2023 | Balance Dec 2022 |
|--|-----------------------------------|-------------------------------------|-------------|-------------|------------------|------------------|
| 7. | Savola Foods Co | Saudi Awwal Bank | 1 Month | Dec-23 | 380,000 | |
| | | Saudi Fransi Bank | 1 Month | Dec-23 | 150,000 | |
| SAVOLA FOODS Co. | | | | | 530,000 | 178,000 |
| 8. | Savola Edible Oil Ltd.- Sudan | United Capital Bank | 12 months | Nov-23 | 1,156 | |
| | | Bank of Khartoum | 12 months | Oct-23 | 371 | |
| | | Bank of Khartoum | 12 months | Nov-23 | 3,763 | |
| | | Bank of Khartoum | 12 months | Jan-23 | 5,986 | |
| | | Bank of Khartoum | 12 months | Sep-23 | 2,096 | |
| | | United Capital Bank | 12 months | Sep-23 | 177 | |
| | | National Bank of Egypt | 12 months | Jan-23 | 237 | |
| | | Alkhaleej Bank | 12 months | Jan-23 | 7,399 | |
| | | Omdurman National Bank | 12 months | Mar-23 | 2,071 | |
| | | Qatar National Bank | 12 months | Mar-23 | 2,790 | |
| | | Bank Of Khartoum | 12 months | Dec-23 | 2,075 | |
| | | Bank Of Khartoum | 12 months | Dec-23 | 2,140 | |
| | | National Bank of Egypt | 12 months | Dec-23 | 313 | |
| | | United Capital Bank | 12 months | Oct-23 | 2,278 | |
| | | United Capital Bank | 12 months | Oct-23 | 1,528 | |
| | | United Capital Bank | 12 months | Dec-23 | 1,329 | |
| | | Qatar National Bank | 12 months | Dec-23 | 512 | |
| Arab Sudanese Bank | 12 months | Dec-23 | 412 | | | |
| 9. | Afia International Co. – Algeria | Societe Generale Algerie | 6 months | Dec-23 | 43,557 | |
| | | Hongkong and Shanghai Banking Corp. | 6 months | Dec-23 | 11,682 | |
| SAVOLA FOODS EMERGING CO. | | | | | 91,873 | 369,936 |
| 10. | El Maleka For food Industries Co. | Emirates NBD | 6 Months | Dec-23 | 13,073 | |
| | | National Bank of Kuwait | 6 Months | Dec-23 | 44,520 | |
| | | EBE Bank | 6 Months | Dec-23 | 8,842 | |
| | | Qatar National Bank | 6 Months | Dec-23 | 13,122 | |
| EL MALEKA FOR FOOD INDUSTRIES CO. | | | | | 79,556 | 48,404 |
| 11. | United Sugar Co. | Saudi National Bank | 1 Month | Dec-23 | 50,000 | |

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

| No. | Borrowing company | Lender | Loan period | Date issued | Balance Dec 2023 | Balance Dec 2022 |
|-----|---|-------------------------------------|-------------|-------------|------------------|------------------|
| 12. | Alexandria Sugar Co. | Attijari Wafa | 6 Months | Oct-23 | 6,468 | |
| | SAVOLA INDUSTRIAL INVESTMENT CO. | | | | 56,468 | 25,743 |
| 13. | Seafood International Two FZCO | Arab Banking Corporation | 12 months | Jun-23 | 57,085 | |
| | | Hongkong and Shanghai Banking Corp. | 12 months | Dec-23 | 20,859 | |
| | SEAFOOD INTERNATIONAL TWO FZCO | | | | 77,945 | 82,539 |
| | Snacking and Ingredients Food Holding Co | | | | - | 19,602 |
| 14. | Sahar Enterprises LLC | National Bank of Fujairah | 3-4 Months | Dec-23 | 6,585 | |
| | | Habib Bank AG Zurich | 3-4 Months | Dec-23 | 2,235 | |
| | | First Abu Dhabi Bank | 3-4 Months | Dec-23 | 1,632 | |
| | | .Hongkong and Shanghai Banking Corp | 3-4 Months | Dec-23 | 131 | |
| | GOOD FOOD CO. | | | | 10,583 | 12,944 |
| 15. | Herfy Food Services Co. | Saudi Awwal Bank | 3 Months | Nov-23 | 15,155 | |
| | Herfy Food Services Co. | | | | 15,155 | |
| | TOTAL SHORT-TERM BORROWING | | | | 3,500,056 | 3,616,806 |

2-5) Summary of payments made and due to the government (in SAR '000s)

| No. | Item (payments) | Paid during 2023 | Due until the end of the financial period but not paid | Description | Reasons/Justifications |
|-----|---|------------------|--|--|--|
| 1. | Customs duties | 116,738 | 31,615 | - | |
| 2. | Zakat | 39,054 | 57,414 | - | |
| 3. | Income tax and withholding tax | 82,243 | 269,683 | Income and withholding tax | |
| 4. | GOSI (for KSA) and social insurance (for outside KSA) | 160,350 | 26,252 | Employees' GOSI and social insurance | According to the requirements of the laws and applicable regulations |
| 5. | Visas and passport office fees | 51,157 | 702 | Iqama renewal, exit and re-entry visas | |
| 6. | Labor office fees | 104,769 | 1,558 | Work permits and Iqama renewal | |
| 7. | Other duties and government levies | 48,200 | 5,951 | License Fees & Other Fees | |

3) Potential risks to Savola Group Operations:

3-1) Savola Risk Management approach

a) Risk Management overview

The Group, like any other economic entity, may be affected by risks through the nature of its commercial activities in basic food commodities, retail and other investments. These risks may be summarized as following:

- Operational, financial, strategic, regulatory and compliance risks.
- The possibility of the Group operations being exposed to geopolitical risks that result from its operations outside the Kingdom.
- Risk of commodities and raw materials price volatility in the local and international markets where it operates.
- Risk of geographic expansion and competition pertaining to new markets in the region
- Fluctuation in foreign currency, exchange rates against the Saudi Riyal or other currencies of the countries that the Group operates in
- Inflation in the economies of countries where the Group operates.
- Risks related to new investments.
- Any emerging risks that the Group may be exposed to during its operations.

The Group and its subsidiaries manage these risks through its Board of Directors, Audit Committee, Executive Management and various departments and task forces within the Group. As well as a dedicated Risk Management department at holding level and its major subsidiary i.e., SFC and Panda.

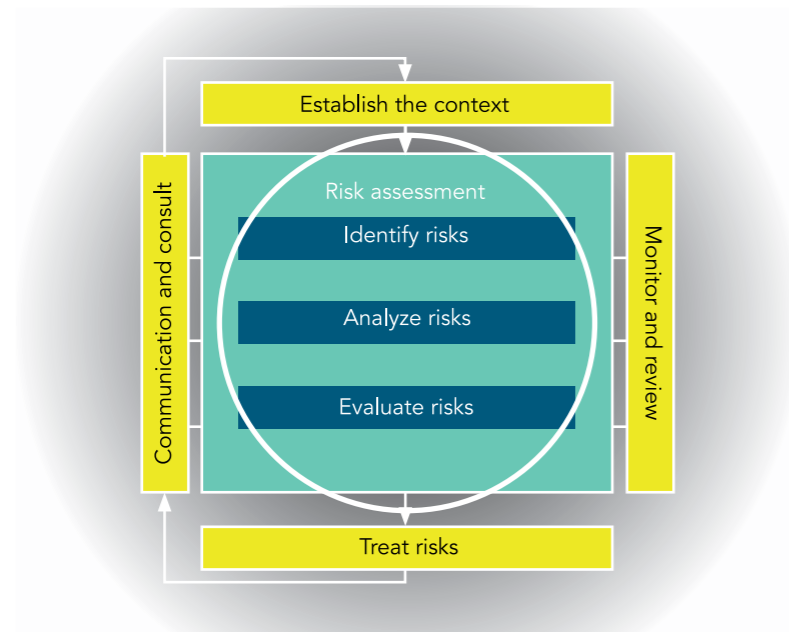
Savola seeks to protect its stakeholders, reputation and the value of its assets, and is committed to continually developing its risk management culture by way of its risk governance framework and continual team development.

b) Enterprise Risk Management framework

In line with the market best practices Savola has an integrated Enterprise Risk Management (ERM) framework to support the success of the business and achievement of its strategic goals through a collaborative risk management environment that proactively identifies, monitors and mitigates risks. The framework has been developed in line with current leading ERM practices and ISO 31000.

In developing the ERM framework, the focus was to design a process that addresses Savola's business needs while remaining simple and pragmatic. Savola ERM framework outlines the series of activities that Savola uses in identifying, assessing and managing its risks. The framework ensures that risk is being managed through a common set of processes at Savola, which enable the flow of risk information to the person with the authority and responsibility for making decisions pertaining to the activity associated with the risk. By establishing a common language and set of tools, Savola's risk management process can be replicated at any level within the Group.

POTENTIAL RISKS



In line with the continuous efforts to strengthen risk management culture and capabilities, Savola has:

- Established a dedicated risk management function at the Group and its main subsidiaries. The function comprises a dedicated team leading the risk management activities at enterprise level, as well as assigned risk champions who implement risk management activities within respective business functions.
- Set a risk management framework and governance policy, approved by the Board of Directors
- Conducted multiple risk awareness sessions across the Group and its subsidiaries.
- Conducted a risk assessment for various key functions at the Group and its main subsidiaries.
- Proactively identified emerging external risks and communicated them with the relative functions for assessment.
- Implemented a Governance, Risk and Compliance (GRC) system to enhance managing risk assessments, registers, management issues, key risk indicators, policy management, and internal audit at Savola Group and its main subsidiaries; Savola Foods and Panda, autonomously.
- Developed a Risk Appetite framework.
- Set the group's risk appetite statement, approved by the Board of Directors
- Developed Risk Key Indicators (KRIs)
- Established an Executive Risk Management Committee (ERMC) at Savola Group level, that mainly aims to:
 - Assess and challenge risk decisions.
 - Monitor and provide insights to the risk management process.
 - Provide recommendations to the board.

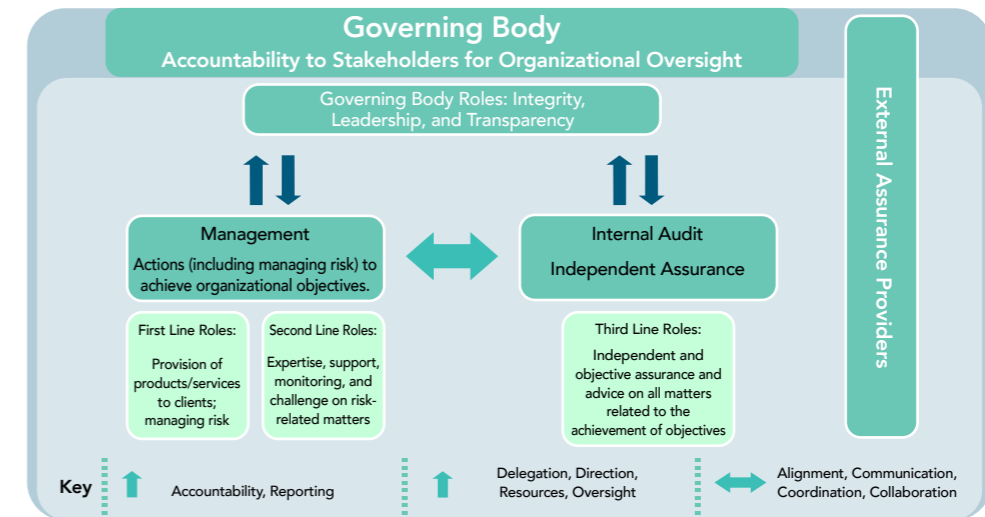
c) Channels to communicate, decline and enforce the risk culture

• Three lines Model

Savola operates a "Three Lines Model" to ensure accountability across the Group for governance, monitoring, reporting and management of risks, and the control environment.

Each of the Three Lines Model plays a distinct role within Savola's wider governance framework. The Board, management, and auditors are the primary stakeholders served by the Three Lines Model, and they are the parties best positioned to help in ensuring that the Three Lines Model are reflected in Savola's risk management and internal control processes

Three Lines Model



3-2) Financial instruments and risk management

a. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

b. Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, 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 audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, term deposits, trade and other receivables, investments measured at fair value, loans and borrowings, lease liabilities, derivatives, trade payables and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

POTENTIAL RISKS

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

c-1) Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows.

The Group's interest rate risks arise mainly from its borrowings and short-term deposits, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

c-2) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Iranian Riyals, Egyptian Pounds, United Arab Emirates Dirhams, Sudanese Pounds and Turkish Lira. The Group operates internationally and is exposed to foreign exchange risk. The Group's investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between foreign currencies against Iranian Riyals, Egyptian Pounds, Sudanese Pounds and Turkish Lira. Such fluctuations are recorded as a separate component of equity "Foreign Currency Translation Reserve" in the accompanying consolidated financial statements. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. In addition, interest on borrowings is denominated in the currency of the borrowings. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group's investments in foreign subsidiaries are not hedged.

d. Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk since the Group holds investment in certain listed equities which are classified on the statement of financial position as FVOCI investments. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Such investments are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. In addition, United Sugar Company uses derivative financial instruments (Commodity future contracts) to hedge its price risk of raw material in the Sugar business.

Further, as disclosed in Note 12 of the final audited accounts for the year ended 31st December 2023, the put and call option are periodically valued based on Black Scholes' model using certain assumptions including the sugar prices; the fluctuations of which affects the valuations. Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in Note 10 to these consolidated financial statements. As at December 31, 2023, the Company's overall exposure to price risk is limited to the fair value of those positions.

e. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. To reduce exposure to credit risk, the Group has an approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers whereby the customers are grouped according to their credit characteristics, payment history, whether they are an individual or a legal entity, whether they are a wholesale/retail or manufacturers, their geographic location, existence of any financial/economic difficulties including the default risk associated with the industry and country in which they operate and accordingly records impairment loss against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored. In order to cater the credit risk from debtors, the Group has also entered into insurance arrangements in certain geographies.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

e-1) Other receivables

Impairment on other receivables has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures having low credit risk.

e-2) Cash and cash equivalents

Impairment on cash and cash equivalents and term deposits has been measured on a life-time expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties.

Cash and cash equivalents, term deposits and derivative financial instruments include balances within KSA which are held with banks with sound credit ratings ranging from A+ to BB+.

f) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements. As at December 31, 2023, the Group has unused bank financing facilities amounting to SR 6.0 billion (December 31, 2022: SR 6.9 billion) to manage the short term and the long term liquidity requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount with the exception of unclaimed dividend. Accordingly, it has been classified as such.

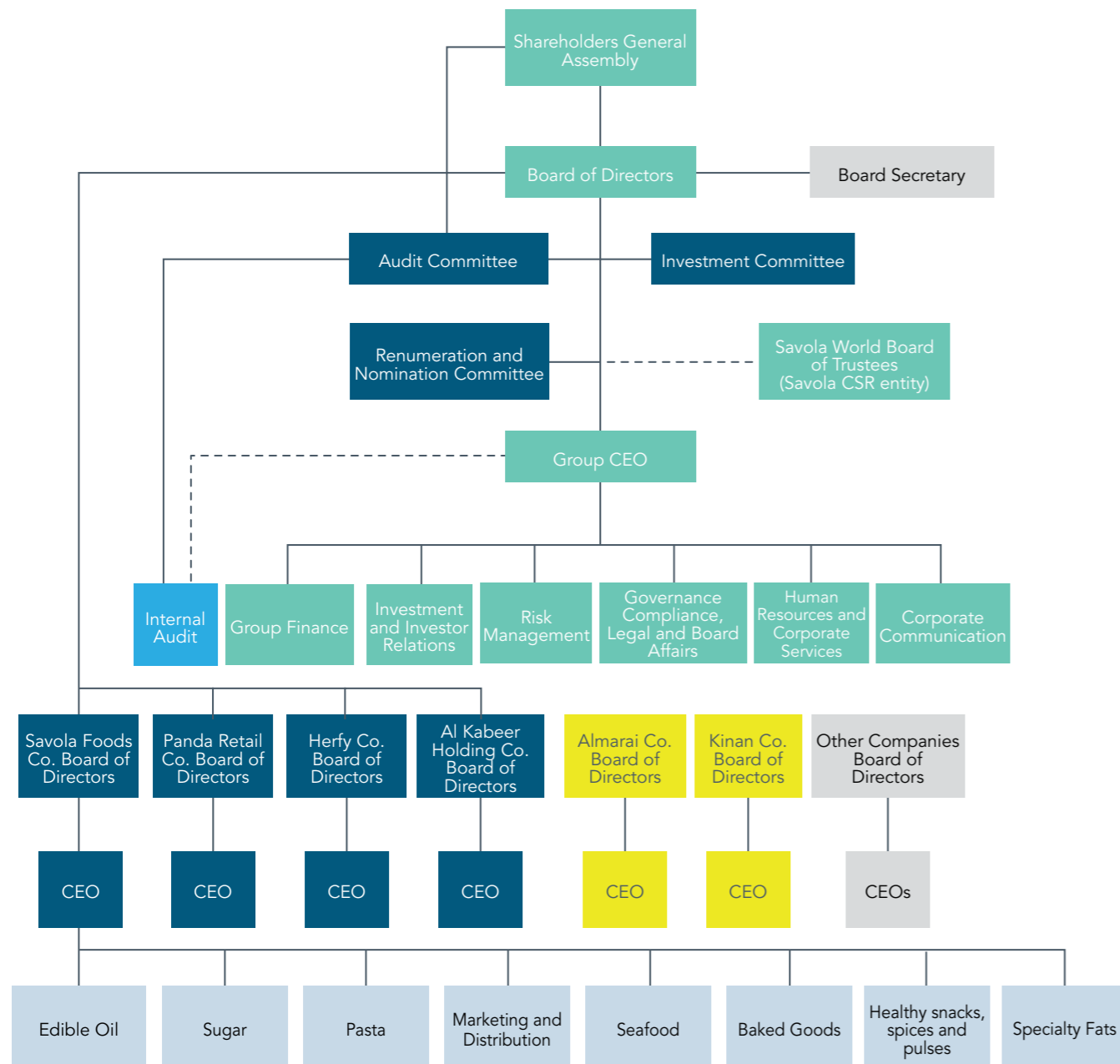
j) Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. For further details, the same item can be reviewed in the clarification notes accompanying the Company's consolidated financial statements for 2023.

Corporate Governance Report and major relevant disclosures Organization structure :

Organization structure:



The Company's organizational structure consists of the Board of Directors and the Board Committees, the Audit Committee, the Remuneration and Nominations Committee and the Investment Committee, in addition to the Savola World Foundation Board of Trustees (which specializes in the field of social responsibility). The Board of Directors is responsible for the direction, supervision and general control of the company and the executive management team, in addition to the rest of the duties and responsibilities of the Board stipulated in the company's bylaws, governance Code and relevant laws and regulations.

a) Composition of the Board, key roles and memberships in other Companies:

a-1) Summary of the role and responsibilities of the Board of Directors:

The Board of Directors is the highest authoritative body responsible to shareholders for managing the Company in accordance with its bylaws, laws and relevant regulations. The main roles of the Board of Directors include setting overall corporate strategies, plans, policies and main objectives of the Company, establishing and reviewing internal control measures, corporate governance, ensuring proper mechanisms to manage risks and ensuring the effectiveness of internal controls across the Group. The Board approves financial budgets, statements, and monitors the performance of the Group and Executive Management's performance. The Board protects the interests of its shareholders and other relevant parties including approving policies that ensure the application, supervision and execution of the laws and regulations, and commits to disclose any key information related to the Company and its performance that may assist shareholders in evaluating its assets and liabilities. The detailed role of the Board, which has been articulated in the bylaws and Corporate Governance Manual, is available on the Company's website (www.savola.com).

a-2) Composition of the Board:

The Company's bylaws have set the number of members of the Board of Directors to be 11 members. Accordingly, the Board was elected by the AGM held on 16 May 2022 for the current term that started 1 July 2022 for the period of 3 years ending on 30 June 2025. All the elected members are either Non-Executive or Independent (to review the qualifications, experience of the members and their classification please refer to the beginning of this Report).

a-3) Names of the companies, whatever their legal forms are, inside and outside the Kingdom, which a Board member is a member of their current or previous board or manager in:

The below statement/schedule includes the names of the companies, whatever their legal forms are, inside and outside the

| No. | Board member name | Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) |
|-----|-------------------------------------|---|---|--|---|---|--|
| 1. | Mr. Sulaiman Abdulkadir Al Muhaidib | Savola Group | Inside | Listed | Saudi British Bank | Inside | Listed |
| | | Almarai Co. | Inside | Listed | Nationals Industrialization Co. | Inside | Listed |
| | | Abdulkadir Al Muhaidib & Sons Co. | Inside | Unlisted | Middle East Paper Co. | Inside | Listed |
| | | Rafal Real Estate Development Co. | Inside | Unlisted | Joussour Holding Co. | Inside | Unlisted |
| | | Al Muhaidib Holding Co. | Inside | Limited Liability | United Mining Industries Co. | Inside | Unlisted |
| | | Amwal Al Ajjyal Holding Company | Inside | Limited Liability | Al Oula Real Estate Development Co. | Inside | Unlisted |
| | | Vision Invest Holding Co. | Inside | Limited Liability | Thabat Construction Co. | Inside | Limited Liability |
| | | That Al Sawary Co. | Inside | Limited Liability | Architectural Supplies Works Co. | Inside | Limited Liability |
| | | Taj Al Awfia Co. | Inside | Limited Liability | International Timber Co. | Inside | Limited Liability |

Corporate Governance Report and major relevant disclosures Organization structure :

| Board member No. | Board member name | Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) |
|------------------|-------------------|---|---|--|---|---|--|
| | | Tarabot Investment & Development | Inside | Unlisted | Mayar Foods Co. | Inside | Limited Liability |
| | | Salwan Tourism Real Estate Development Company | Inside | Unlisted | Mayar Transport & Warehousing Co. | Inside | Limited Liability |
| | | | | | Gulf Marasy for Marine Services Co. | Inside | Limited Liability |
| | | | | | Citadel Trading & Contracting Co | Inside | Limited Liability |
| | | | | | Al Muhaidib for Development Co. | Inside | Limited Liability |
| | | | | | Al Muhaidib Land Transport | Inside | Limited Liability |
| | | | | | Sulaiman Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Emad Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Awatef Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Maryam Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Tamader Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Haifa Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Loloah Sulaiman Almudaiheem & Partner Co. | Inside | Limited Liability |
| | | | | | Muhail for Operation and Maintenance Co. | Inside | Limited Liability |
| | | | | | United Feed Manufacturing Co. | Inside | Limited Liability |
| | | | | | Amwal Al Khaleej for Commercial Investment Co. | Inside | Limited Liability with GCC capital |
| | | | | | Essam Abdulkadir Al Muhaidib & Partners Co. | Inside | Limited Liability |
| | | | | | Al Shamiyah Urban Development Co. Ltd. | Inside | Limited Liability |
| | | | | | Arabian Safenat for Construction Co. | Inside | Limited Liability |
| | | | | | International Co. for Water and Energy Development (Acwa) | Inside | Limited Liability |

| Board member No. | Board member name | Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) |
|------------------|-----------------------------------|---|---|--|---|---|--|
| 2. | Mr. Bader Abdullah Alissa | Savola Group | Inside | Listed | Knowledge Economic City Co. | Inside | Listed |
| | | Banque Saudi Fransi | Inside | Listed | Kinan International Real Estate Development Co. | Inside | Unlisted |
| | | Taiba Investments Co. | Inside | Listed | Al Aqeeq Real Estate Development Co. | Inside | Unlisted |
| | | Almarai Co. | Inside | Listed | Sukoon International | Inside | Unlisted |
| | | Savola Foods Co. | Inside | Unlisted | Savola Packaging Systems Co. | Inside | Unlisted |
| | | Panda Retail Co. | Inside | Unlisted | | | |
| | | Afia International Co. | Inside | Unlisted | | | |
| | | United Sugar Co. | Inside | Unlisted | | | |
| | | Afia International Co. Egypt | Outside | Unlisted | | | |
| | | United Sugar Co. Egypt | Outside | Unlisted | | | |
| | | Alexandria Sugar Co. Egypt | Outside | Unlisted | | | |
| | | El Maleka for Food Industries Co. | Outside | Unlisted | | | |
| | | Savola Gida | Outside | Unlisted | | | |
| | | Assila Investments Co. | Inside | Unlisted | | | |
| | | Dur Hospitality Co. | Inside | Listed | | | |
| 3. | Mr. Ahmad Abdulrahman Al Humaidan | Savola Group | Inside | Listed | NA | | |
| | | Savola foods company | Inside | Unlisted | | | |
| 4. | Mr. Ahmed Waza Al Qahtani | Savola Group | Inside | Listed | Arab National Bank | Inside | Listed |
| | | Panda Retail Company | Inside | Closed Joint | Jabal Omar Development Co. | Inside | Listed |
| | | National Medical Care | Inside | Listed | | | |
| | | Saudi Medical Care Group | Inside | LLC | | | |
| | | Maarif Holding (GEMS Education KSA previously) | Inside | LLC | | | |
| | | Maarif Education Company | Inside | Closed Joint | | | |
| | | Jawda Integrated Real Estate | Inside | LLC | | | |
| | | Osool Integrated Real Estate | Inside | LLC | | | |
| | | Raza Company | Inside | LLC | | | |
| | | GOSI Investment Ventures Company | Inside | LLC | | | |
| | | The First Successful Investment Company | Inside | LLC | | | |
| | | The Second Successful Investment Company | Inside | LLC | | | |
| | | The Third Successful Investment Company | Inside | LLC | | | |

Corporate Governance Report and major relevant disclosures Organization structure :

| No. | Board member name | Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) |
|-----|------------------------------|---|---|--|---|---|--|
| 5. | Eng. Mutaz Qusai Al Azawi | Savola Group | Inside | Listed | Merrill Lynch Kingdom of Saudi Arabia | Inside | Unlisted |
| | | Herfy Food Services Co. | Inside | Listed | Al Farasha for Food Industries | Outside | Unlisted |
| | | Arabian Cement Co. | Inside | Listed | Kusai AlAzzawi & Sons Co. | Inside | Limited Liability |
| | | Riyad Bank | Inside | Listed | Ready Mix Concrete & Construction Supplies Ltd. | Outside | Listed |
| | | Ethad Etisalat (Mobily) | Inside | Listed | | | |
| | | Savola Foods Co. | Inside | Unlisted | | | |
| | | United Sugar Co. | Inside | Unlisted | | | |
| | | Afia International Co. | Inside | Unlisted | | | |
| | | United Sugar Co. Egypt | Outside | Unlisted | | | |
| | | Alexandria Sugar Co. Egypt | Outside | Unlisted | | | |
| | | El Maleka for Food Industries Co. | Outside | Unlisted | | | |
| | | Qatrana Cement Co. | Outside | Unlisted | | | |
| | | Afia International Co. Egypt | Outside | Unlisted | | | |
| | | Saudi Industrial Construction & Engineering Projects Ltd. | Inside | Limited Liability | | | |
| | | Saudi Technology and Trade Co. | Inside | Limited Liability | | | |
| | | Alwusataa for Development | Inside | Limited Liability | | | |
| 6. | Mr. Fahad Abdullah Al Kassim | Savola Group | Inside | Listed | Abdullatif Al Issa Holding Group | Inside | Unlisted |
| | | Jarir Marketing Co. | Inside | Listed | National General Automotive Co. | Inside | Limited Liability |
| | | Dallah Health | Inside | Listed | Naqel Co. | Inside | Unlisted |
| | | Al Riyadh Development Co. | Inside | Listed | Saudi Post | Inside | Gov. Corporation |
| | | Taiba Investments Co. | Inside | Listed | Albilad Bank | Inside | Listed |
| | | Dr. Mohammed Rashid Al Fagih & Associates | Inside | Unlisted | Al Rajhi Alpha Investment Holding Co. | Inside | Limited Liability |
| | | Al Rajhi united real-estate | Inside | Unlisted | Raj Real Estate Co. | Inside | Limited Liability |
| | | Abdullah Ibrahim Al Subeaei Holding (AIMS) | Inside | Unlisted | Saudi Heritage Hospitality Co. | Inside | Unlisted |
| | | Alargan Projects Co. | Inside | Unlisted | Amwal Financial Consultations | Inside | Limited Liability |

| No. | Board member name | Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | | |
|------------------------------------|------------------------------|---|---|--|---|---|--|--------|----------|
| | | Mohammed Abdulaziz Al Habib & Sons Holding Co. | Inside | Unlisted | Fincorp Investment Holding Co. | Outside | Unlisted | | |
| | | Jarir investments Co. | Inside | Unlisted | Dur Hospitality Co. | Inside | Listed | | |
| | | Value capital partners Co. | Inside | Unlisted | | | | | |
| | | Panda retail Company | Inside | Unlisted | | | | | |
| | | Savola World Foundation | Inside | Non-profit Organization | | | | | |
| | | Arez Commercial Investment Co. Ltd. | Inside | Limited Liability | | | | | |
| | | Bseqat Al Khaleej Co. | Inside | Limited Liability | | | | | |
| | | Tanal for real estate investment and development Co. | Inside | Limited Liability | | | | | |
| | | Fahad Abdullah Al Kassim CPA | Inside | Professional Co. | | | | | |
| | | Century 21 & Partner for Real Estate Appraisal Co. | Inside | Professional Co. | | | | | |
| | | 7. | Mr. Mohammed Ibrahim Alissa | Savola Group | Inside | Listed | Sukoon Real Estate | Inside | Unlisted |
| | | | | BlackRock Saudi Arabia | Inside | Unlisted | Al Aqeeq Real Estate | Inside | Unlisted |
| International Medical Center (IMC) | Inside | | | Unlisted | Kinan International for Real Estate Development Co. | Inside | Unlisted | | |
| | | Assila Investments Co. | Inside | Unlisted | | | | | |
| 8. | Mr. Waled Abdullah Al Ghreri | Savola Group | Inside | Listed | NA | | | | |
| | | National Energy Services Company | Inside | Unlisted | | | | | |
| | | Savola world Foundation | Inside | Nonprofit organization | | | | | |
| 9. | Mr. Rakan Abdulaziz Al Fadl | Savola Group | Inside | Listed | Al Takamul Group Co. | Inside | Holding Co. | | |
| | | Alfadl Group | Inside | Limited Liability | Rabya Co. | Inside | Limited Liability | | |
| | | Sahara Building Contractors Co. | Inside | Limited Liability | | | | | |
| | | Alfadl Investments Co. | Inside | Limited Liability | | | | | |
| | | Alfadl Real Estate Co. | Inside | Limited Liability | | | | | |
| | | | | | | | | | |
| 10. | Mr. Issam Majid Al Muhaidib | Panda Retail Company | Inside | Unlisted | NA | | | | |
| | | Mayar Foods Company | Inside | Limited Liability | | | | | |
| | | Masdar Building Materials | Inside | Unlisted | | | | | |

Corporate Governance Report and major relevant disclosures Organization structure :

| No. | Board member name | Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) | Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors | Inside the Kingdom/ outside the Kingdom | Legal entity (listed/ unlisted/ limited liability) |
|-----|---------------------------|---|---|--|---|---|--|
| | | Al Zahrawi Medical Supplies LLC | Outside | Limited Liability | | | |
| | | Abdulkadir Almuhaideb and Sons Company | Inside | Unlisted | | | |
| | | Dhahran Chemical Industries & Marketing Company (Synthomer) | Inside | Unlisted | | | |
| | | Thabat Construction Company | Inside | Limited Liability | | | |
| | | United Transformers Electric Company | Inside | Limited Liability | | | |
| | | Emdad Human Resources | Inside | Unlisted | | | |
| | | Zohoor Alreef | Inside | Unlisted | | | |
| | | Bawan Engineering Industries Company | Inside | Limited Liability | | | |
| | | Herfy Food Services Company | Inside | Listed | | | |
| | | Bina Industrial Investment Holding Company | Inside | Limited Liability | | | |
| | | Savola Group | Inside | Listed | | | |
| | | Abyat Co | Outside | Limited Liability | | | |
| 11. | Mr. Bader Hamad Al Rabiah | Savola Group | Inside | Listed | Al Manar Financing and Leasing Co. | Outside | Listed |
| | | Noor Financial Investment Co. | Outside | Listed | Osoul Investment Co. | Outside | Listed |
| | | Palms Agro Production Co. | Outside | Listed | Qatar Finance House. | Outside | Unlisted |
| | | Meezan Bank | Outside | Listed | Kuwait Indian Holding Co | Outside | Unlisted |
| | | Al Durra National Real Estate Co. | Outside | Unlisted | | | |
| | | Noor Al Salhiya Real Estate Co. | Outside | Unlisted | | | |
| | | Ikarus Real Estate Co. (WLL) | Outside | Limited Liability | | | |
| | | International Hotels Group Co. | Outside | Unlisted | | | |
| | | Middle East Petrochemical Co. | Inside | Unlisted | | | |
| | | Amar Finance & Leasing Co | Outside | Listed | | | |
| | | Injazzat Real Estate Development Co | Outside | Listed | | | |
| | | Noor International Co for Salling & Buying Shares and Bonds | Outside | Limited Liability | | | |

Kingdom, in which a Board member is a member or manager of their current or previous board:

a-4) Summary of Committee members' CVs:*

| No. | Member name | Current positions | Previous positions | Qualifications | Experience |
|--|--|--|---|--|--|
| Remuneration and Nomination Committee members | | | | | |
| 1. | Mr. Rakan Abdulaziz Al Fadl (Committee Chairman) | Their current and previous positions, qualifications and experience were mentioned earlier in this Report | | | |
| 2. | Mr. Bader Abdullah Alissa | | | | |
| 3. | Mr. Ahmed Waza Al Qahtani | | | | |
| 4. | Mr. Badr Hamed Al Rabiah | | | | |
| 5. | Mr. Johan Brand | <ul style="list-style-type: none"> Managing Director/Owner, Johan Brand Leadership Advisory DWC-LLC (2016-present) Board Member of Cenomi Centers and Nesma United Industries Member of the Nomination & Remuneration Committees with Saudi Telecom Company, Ma'aden, Cenomi Centers, Nesma Company and Ghobash Trading & Investments | <ul style="list-style-type: none"> Senior Partner and Consultant, Egon Zehnder (1995-2016) PepsiCo, Director PCI Management Institute (1993-1995) Director (1991-1993) Procter & Gamble, Brand Management (1986-1991) | <ul style="list-style-type: none"> MSc, Business Economics, Erasmus University Rotterdam, The Netherlands; MA Corporate Law and MA Private Law, Erasmus University Rotterdam, The Netherlands; Certified Professional Director, Hawkamah/ Mudara Institute of Directors | Has wide and independent experience as a leadership professional, and his focus is on making Boards and C-level leadership more effective. Advisor to Chairmen, Family Heads and CEOs. |
| Investment Committee members | | | | | |
| 1. | Eng. Mutaz Qusai Al Azzawi (Committee Chairman) | | | | |
| 2. | Mr. Ahmad Abdulrahman Al Humaidan | | | | |
| 3. | Mr. Mohammed Ibrahim Alissa | Their current and previous positions, qualifications and experience were mentioned earlier in this Report in (a-4) | | | |
| 4. | Mr. Issam Majid Al Muhaidib | | | | |
| 5. | Mr. Waled Abdullah Ghreri | | | | |

* For the Audit Committee (AC) Members' CVs, you can refer to the AC report included at the end of this report.

Corporate Governance Report and major relevant disclosures Organization structure :

a-5) Board meetings attendance record:

In order to enhance its role and responsibilities, the Board held (6) meetings during the year. The below schedule shows the attendance records for each meeting during 2023:

| No. | Member | Meetings during 2023 | | | | | | No. of attendance |
|-----|--|----------------------|--------|---------|--------------|------------|-------------|-------------------|
| | | 7 February | 10 May | 17 June | 19 September | 7 November | 13 December | |
| 1. | Mr. Sulaiman Abdulkadir Al Muhaidib | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 2. | Mr. Bader Abdullah Alissa | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 3. | Eng. Mutaz Qusai AlAzzawi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 4. | Mr. Fahad Abdullah Al Kassim | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 5. | Mr. Mohammed Ibrahim Alissa | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 6. | Mr. Rakan Abdulaziz Al Fadl | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 7. | Mr. Bader Hamad Al Rabiah | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 8. | Mr. Ahmad Abdulrahman Al Humaidan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 9. | Mr. Ahmed Waza Al Qahtani | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 10. | Mr. Issam Majid Al Muhaidib | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 11. | Mr. Waled Abdullah Ghreri | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| - | Mr. Elnour Ali Saad (Board Secretary) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |

a-6) Board members attendance record for the General Assembly meeting:

One Shareholders Extraordinary General Assembly meeting was held during the last fiscal year. The following is a list of the members of the Board of Directors present during the meeting:

| No. | Board Member | Position | Extraordinary General Assembly Meeting No. 34 (10 May 2023) | No. of meetings attended |
|-----|-------------------------------------|----------------------------|---|--------------------------|
| 1. | Mr. Sulaiman Abdulkadir Al Muhaidib | Board Chairman | ✓ | 1 of 1 |
| 2. | Mr. Bader Abdullah Alissa | Board Vice Chairman | ✓ | 1 of 1 |
| 3. | Eng. Mutaz Qusai Al Azzawi | Member and Chairman of IC | ✓ | 1 of 1 |
| 4. | Mr. Fahad Abdullah Al Kassim | Member and Chairman of AC | ✓ | 1 of 1 |
| 5. | Mr. Rakan Abdulaziz Al Fadl | Member and Chairman of RNC | ✓ | 1 of 1 |
| 6. | Mr. Mohammed Ibrahim Alissa | Member | ✓ | 1 of 1 |
| 7. | Mr. Bader Hamad Al Rabiah | Member | ✓ | 1 of 1 |
| 8. | Mr. Ahmad Abdulrahman Al Humaidan | Member | ✓ | 1 of 1 |
| 9. | Mr. Ahmed Waza Al Qahtani | Member | ✓ | 1 of 1 |
| 10. | Mr. Issam Majid Al Muhaidib | Member | ✓ | 1 of 1 |
| 11. | Mr. Waled Abdullah Ghreri | Member | ✓ | 1 of 1 |

b) Board Committees:

b-1) Remuneration and Nomination Committee:

- Meetings and role of the Committee:
The Remuneration and Nomination Committee (RNC) consists of 5 members who are Independent and Non-Executive Board members and an external expert with experience in the field of the Committee's mandates. The Committee held (4) meetings during 2023. During its meetings the RNC followed up its responsibilities in the field of remuneration, nominations, and Corporate Governance. A summary of the main responsibilities of the Committee, statement of its membership and attendance during the year are as follows:
- Summary of Committee role, duties, and main responsibilities:
The Committee shall assume responsibilities related to 3 areas, namely Remuneration, Nomination and Corporate Governance, and will update the Board regularly about its activities. The Committee's duties and responsibilities include:

a) With regards to Remuneration:

- Prepare a clear remuneration policy for board members, its committees and the executive management that enhances management team motivation and helps in retaining employees. This policy shall be recommended by the committee to the board, and submitted to the GA for approval, provided that such policy follows standards that are linked to performance, be disclosed and implementation of such policy shall be ensured.
- Clarify the relation between the paid remunerations and the adopted remuneration policy and highlight any material deviation from that policy.
- Review periodically the remuneration policy and assess its effectiveness in achieving its objectives.
- Provide recommendations to the board in respect of the remunerations of its members, the committees' members and senior executives, in accordance with approved policy.
- Review the CEO's remunerations, including long and short-term incentives, set the CEO KPIs, and recommend to the board in this regard.

b) With regards to Nomination:

- Recommend clear policies and standards for board membership, executive management and Savola's representatives in subsidiaries and associates.
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, considering that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- The annual review of the requirements suitable for membership of the board and executive management and the preparation of a description of the required capabilities and qualifications for such membership.
- Allocate the time that a board member should reserve for the activities of the board.
- Review the structure of the board, committees and executive management and provide recommendations regarding recommended changes.
- Provide job descriptions for executive, non-executive, independent directors and senior executive management.
- Set procedures to be followed if the position of a member of the board or a senior executive becomes vacant.
- Assess performance of the board in terms of strengths and weaknesses and recommend necessary solutions in the best interests of the Company through:
 - o Propose the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.
 - o Help the Board in its responsibility toward carrying out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.
- Review the composition of each committee of the board and recommend any changes to the board for its approval. The committee can recommend additional appointing new committee members to the board to fill vacancies as needed.
- Ensure on an annual basis the independence of independent directors and ensure the absence of any conflicts of interest if a board member also acts as a member of the board of another company.
- Study and review the CEO's recommendations concerning the appointment and termination of the executive management team.

Corporate Governance Report and major relevant disclosures Organization structure :

- Study and review succession plans for the company in general and for the board, CEO and executive management in particular.
- Provide an appropriate level of training and introduce new board and committee members, and executive management about the company businesses, activity, strategy, objectives, and financial and operational aspects of the Company and achievements to enable them to perform their role effectively and efficiently, as well as inform them of the obligations of the Board members and their duties, responsibilities and rights and the duties and competencies of the Company committees.
- Develop the necessary mechanisms for board members and the executive management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

c) With regards to Corporate Governance (CG):

- Verify that the Company is in compliance with CG regulation issued by CMA and the Company's CG manual and policies;
- Review and update CG manual and rules pursuant to statutory requirements and best practices.
- Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and comply with best practices.
- Regularly inform the Board members of the developments in corporate governance and best practices;
- Oversee any matters relating to the implementation of governance and provide the Board with its reports and recommendations annually at least.

Other responsibilities:

- Assisting the board in establishing, reviewing the Group's organization structure, and Operating model which organizes the relationship between the parent company and its subsidiaries.
- Oversighting the implementation of the grievance policy and ensuring its effectiveness.

For more details about the role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website (www.savola.com).

- Statement of attendance for Committee meetings held during 2023:

| No. | Member | Meetings during 2023 | | | | Total |
|-----|---|----------------------|--------------|------------|------------|--------|
| | | 6 February | 18 September | 12 October | 6 November | |
| 1. | Mr. Rakan Abdulaziz Al Fadl (Chairman) (Independent Savola Board member) | ✓ | ✓ | ✓ | ✓ | 4 of 4 |
| 2. | Mr. Bader Abdullah Alissa (Non-Executive Savola Board member) | ✓ | ✓ | ✓ | ✓ | 4 of 4 |
| 3. | Mr. Johan Brand (Independent external member) | ✓ | ✓ | ✓ | ✗ | 3 of 4 |
| 4. | Mr. Ahmed Waza Al Qahtani (Non-Executive Savola Board member) | ✓ | ✓ | ✓ | ✓ | 4 of 4 |
| 5. | Mr. Bader Hamed Al Rabiah (Independent Savola Board member) | ✓ | ✓ | ✓ | ✓ | 4 of 4 |
| - | Mr. Morhaf Mohammed Alsamman (Committee Secretary) | ✓ | ✓ | ✓ | ✓ | 4 of 4 |

b-2) Investment Committee:

Meetings and role of the Committee:

The Investment Committee consists of 5 members, all of them are Non-Executive and Independent Board members. The Committee held (5) meetings during 2023 to enhance the role of the Board in following and implementing the strategic plans in relation to investment opportunities. Below is a summary of the Committee's role, responsibilities, membership, and the number of meetings held during 2023:

- Summary of Committee role, duties, and main responsibilities:

The Committee's duties and responsibilities include:

- Review and recommend to the Board for its approval an overall capital allocation framework and implementation model for the Company's investment activities, which take into account relevant factors such as return on invested capital targets and benchmarks, allocation guidelines and limits, risks limits and strategic objectives.
- Review, on a periodic basis, of Company performance against the criteria set forth in the framework and implementation model as a holding investment company.

- Review and recommend to the Board for its approval investment opportunities, acquisitions, joint ventures or divestitures all in accordance with the Company's existing delegation of authority matrices approved by the Board.
- Review the balance sheet impact of specific proposed transactions including funding requirements and impact on the Company's liquidity and debt ratios as part of determining whether to recommend them to the Board for approval.
- Review of progress of post-merger integration of acquired businesses during the initial three (3) month post-closing to ensure successful integration of such businesses into the Company and adherence to post acquisition 100 day plans.
- The Committee shall perform such other duties consistent with the Committee's purpose or that are assigned to it by the Board.

For more details about the role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website (www.savola.com).

- Statement of attendance for Committee meetings held during 2023:

| No. | Member | Meetings during 2023 | | | | | Total |
|-----|---|----------------------|----------|-------------|--------------|-----------|--------|
| | | 6 February | 10 April | 4 September | 18 September | 4 October | |
| 1. | Eng. Mutaz Qusai AlAzzawi (Chairman) (Non-Executive Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 of 5 |
| 2. | Mr. Mohammed Ibrahim Alissa (Independent Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 of 5 |
| 3. | Mr. Ahmed Abdulrahman Al Humeidan (Non-Executive Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 of 5 |
| 4. | Mr. Issam Majid Al Muhaidib (Non-Executive Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 of 5 |
| 5. | Mr. Waled Abdullah Al Ghleri (Independent Savola Group member) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 of 5 |
| - | Mr. Elnour Ali Saad (Committee Secretary) | ✓ | ✓ | ✓ | ✓ | ✓ | 5 of 5 |

c) Assessment of the Board of Directors, Committees, and members performance:

Savola has been conducting Board effectiveness reviews for more than 15 years aiming to identify the strengths and weaknesses of the Board and Committees, with a view to propose solutions in the best interest of the Company. In line with this practice, and under the RNC supervision, Savola Group continued following its adapted methods in this regard:

- an inhouse assessment was conducted for the Board and its Committees for the year 2023 under the RNC supervision and in direct coordination with the Board Chairman and members, which was completed in the first quarter of the year 2024. The assessment process was launched after presenting its mechanisms to the Board. The survey and evaluation included all aspects covering the role and responsibilities of the Board and Committees in accordance with the Group's internal regulations, and bylaws, as well as the effectiveness of the Board and Committees meetings, members' participation, and interaction in the discussions during the meetings to reach informed decisions that enhance the Company's performance, and ability to achieve its objectives. This contributed in identifying strengths and points that need improvement in light of the results analysis, and mechanisms were proposed to strengthen the points that need further improvement, which will be implemented during the coming period.
- During the past three years, the Board's performance has been assisted by a specialized external party. Governance Compass, an independent third-party consultant company specialized in evaluating the performance of boards of directors and effective leadership, was appointed to evaluate the performance of Savola Board and Committees aiming to identify the strengths and weaknesses of the Board and Committees, with a view to propose solutions in the best interest of the Company. In line with this practice. The assessment conducted by Compass included: The performance of the Board and Committees and its members, the effectiveness of the Board and Committees meetings and face to face interviews with members.
- In continuation of the efforts made by the Group in the past years, the Board of Directors held two workshops during the months of February 2023 and of June 2023 which was presented by number of external consultants and included several topics, the most prominent of which are strategic transformation, the importance of maximizing value for shareholders, evaluating assets, allocating and reallocating capital, and benchmarking international experiences linking it to the strategic direction of the Group.

Corporate Governance Report and major relevant disclosures Organization structure :

d) Remuneration of the Board, Committee members and Executive Management

d-1) General standards for Remuneration:

The shareholders' EGM held on 10 May 2023 approved the Remuneration Policy of the Board of Directors, Committees and Executive Management. This policy regulates the remuneration of the Board of Directors, Committees and the Executive Management of Savola Group to meet the provisions of paragraph (1) of Article (58) of the CG Regulations issued by the Capital Market Authority (CMA) Board pursuant to Decision No. (8-16-2017) Dated 13/2/2017 and amended pursuant to Decision. No. (8-5-2023) dated 18/01/2023.

The RNC committee responsibilities include recommending to the board the remuneration of the board, its committees, and the executive management in accordance with the approved criteria, as follows:

1. Be proportionate to Savola's activities and the required skills for its management.
2. Provide remuneration with the aim of encouraging the Board members and Executive Management to achieve the long-term success and development of the Company, and the variable part of the remuneration shall be linked to the long-term performance.
3. Remuneration shall be consistent with the strategy, objectives, the magnitude, nature, and level of risks faced by the Company.
4. Benchmarking shall be used to take into consideration the remuneration practices of other companies. The disadvantages of such comparisons in leading to unjustifiable increases in remuneration and compensations shall be avoided.
5. Shall be prepared in coordination with the RNC with respect to new appointments.
6. Remuneration shall be based on job level, duties and responsibilities, educational qualifications, practical experience, skills, and level of performance.
7. Be fair and proportionate to the board or committee's members' activities carried out and responsibilities borne by the board or committees' members, in addition to the objectives set out by the board to be achieved during the financial year.
8. Take into consideration the sector in which Savola operates, its size and the experience of its board members.
9. Be reasonably sufficient to attract and retain highly qualified and experienced board members without exaggeration.
10. The remunerations of different board members may vary depending on the board members' experience, expertise, duties he/she undertakes, and independence and number of board meetings he/she attended in addition to other considerations.
11. The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the board or the executive management to prevent the exploitation of employment status to receive undeserved remunerations.
12. If the company developed a program to grant some of its shares to board members, Executive management, and employees, whether a new issue or shares purchased by the company, the RNC committee shall supervise this program in light of the company's bylaws and the relevant CMA laws and regulations.

d-2) Summary of the Remuneration Policy of the Board and Committees:

- The remuneration of Savola Board members may consist of a specified sum; an attendance fee; allowance; other in-kind benefits; a certain percentage of the net profits; or a combination of 2 or more of these benefits. The remuneration of the various Board members may vary in light of the policy recommended by the RNC and approved by the GA. The policy stipulated that remuneration shall consist of an annual remuneration of SAR 200,000, and attendance fees of SAR 5,000 for the session, and an additional SAR 3000 allowance (transportation and travel per-diem) for members who are based outside Jeddah as well as the other expenses related to the Board activity.
- The Remunerations of different Board members may vary depending on the Board members' experience, expertise, duties he/she undertakes, independence and number of Board meetings he/she attended in addition to other considerations, and in light of this policy. The Annual Directors' report to the GA shall include a comprehensive statement of all the amounts received by each board member during the fiscal year including remunerations, allowances, expenses, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services (if any). Such a report should also include a statement of the number of the board meetings held and the number of meetings attended by each member.

- Where the remuneration represents a certain percentage of Savola's profits the following guidelines shall be taken into consideration:
 - o The remuneration of independent board members shall not be a percentage of the profits that are realized by Savola, nor shall it be based directly or indirectly on Savola's profitability.
 - o The said percentage shall be determined based on a recommendation from the RNC in case the company achieved profits provided that the matter is presented to the GA for its approval and the matter is compliant with the Company bylaws and relevant regulations.
- If the General Assembly decides to terminate the membership of any Board member who fails to attend three consecutive Board meetings or five non-consecutive Board meetings during his membership without a legitimate excuse accepted by the Board, then such Board member shall not be entitled to any remuneration for the period starting from the last Board meeting he/she attended, and he/she shall pay back any remuneration he/she received for that period.
- RNC and IC Committee members' remuneration shall consist of an annual remuneration of SAR 100,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- Audit Committee members' remuneration shall be SAR 150,000 and attendance fees of SAR 5,000 for the session, in line with the committee charter and remuneration policy approved by the shareholders General Assembly.
- The remuneration policy of the Board and Committees shall be reviewed from time to time by the RNC, provided that any recommended changes are presented by the Board to the General Assembly in the next meeting for approval.

d-3) Summary of the Remuneration Policy of the Executive Management:

The RNC shall review and approve the salary scale and the incentive scheme for all employees and executive management, on a regular basis, based on the management recommendations and the executive management remuneration includes:

- Basic salary (to be paid on a monthly basis at the end of each Gregorian month)
- Allowances that include for example (and no limited to) housing, transportation, children education/schools' fees, and phone allowances.
- Medical insurance benefits for all employees and executive management and their families.
- Life insurance policy (including events of partial or permanent disability, and death at workplace).
- Annual bonus based on KPIs/SMART associated with individual annual appraisal evaluation.
- short-term incentive plans linked with extraordinary/exceptional performance and long-term incentive plans such as stock option programs (whenever exists);
- Other benefits included, but are not limited to, annual leave, annual air tickets, executive airport services, and end of service benefits according to labor law and HR policies adopted by the company.
- Executive management team's compensation plans, programs, and general guidelines shall be approved by the RNC Committee.
- The CEO implements the remuneration policy for all employees and executive management in light of the plans, programs and general guidelines approved by the RNC committee.

For more details about the Remuneration Policy for the Board, Committees and the Executive Management of Savola Group, please refer to the polices on Savola's website (www.savola.com).

d-4) Remuneration of the Board Members

Below are the details of Board members' remunerations for the year 2023 (SAR):

| No. | Member name | Title | Fixed remunerations | | Variable remunerations | | | | | | | Aggregate amount | Expenses allowance | | | | |
|--|---|------------|---------------------|--|--|------------------|---|--|-------|---------------------------|------------------------|------------------|--------------------|----------------------------|---------------------------|--------------------------------|----------------|
| | | | Specific amount | Allowance for attending Board meetings | Total allowance for attending Committee meetings | In-kind benefits | Remunerations for technical, managerial and consultative work | Remunerations of the Chairman, Managing Director or Secretary, if a member | Total | Percentage of the profits | Periodic remunerations | | | Short-term incentive plans | Long-term incentive plans | The value of the ranted shares | Total |
| First: Independent Directors | | | | | | | | | | | | | | | | | |
| 1. | Mr. Bader Hamad Al Rabiah | Member | 200,000 | 30,000 | 50,000 | - | - | - | - | - | - | - | - | 280,000 | - | 280,000 | 21,300 |
| 2. | Mr. Rakan Abdulaziz Al Fadl | Member | 200,000 | 30,000 | 20,000 | - | - | - | - | - | - | - | - | 250,000 | - | 250,000 | 18,900 |
| 3. | Mr. Waled Abdullah Al Ghreri | Member | 200,000 | 30,000 | 25,000 | - | - | - | - | - | - | - | - | 255,000 | - | 255,000 | 9,000 |
| 4. | Mr. Mohammed Ibrahim Alissa | Member | 200,000 | 30,000 | 55,000 | - | - | - | - | - | - | - | - | 285,000 | - | 285,000 | 25,200 |
| Second: Non-Executive Directors | | | | | | | | | | | | | | | | | |
| 5. | Mr. Sulaiman Abdulkadir Al Muhaidib (Not a member of any Committee) | Chairman | 200,000 | 30,000 | N/A | - | - | - | - | - | - | - | - | 230,000 | - | 230,000 | 25,200 |
| 6. | Mr. Bader Abdullah Alissa | V-Chairman | 200,000 | 30,000 | 20,000 | - | - | - | - | - | - | - | - | 250,000 | - | 250,000 | 25,200 |
| 7. | Mr. Fahad Abdullah Al Kassim | Member | 200,000 | 30,000 | 30,000 | - | - | - | - | - | - | - | - | 260,000 | - | 260,000 | 25,200 |
| 8. | Eng. Mutaz Qusai Al Azzawi | Member | 200,000 | 30,000 | 25,000 | - | - | - | - | - | - | - | - | 255,000 | - | 255,000 | 19,415 |
| 9. | Mr. Issam Majid Al Muhaidib | Member | 200,000 | 30,000 | 25,000 | - | - | - | - | - | - | - | - | 255,000 | - | 255,000 | 19,100 |
| 10. | Mr. Ahmad Abdulrahman Al Humaidan | Member | 200,000 | 30,000 | 25,000 | - | - | - | - | - | - | - | - | 255,000 | - | 255,000 | 12,000 |
| 11. | Mr. Ahmad Waza Al Qahtani | Member | 200,000 | 30,000 | 20,000 | - | - | - | - | - | - | - | - | 250,000 | - | 250,000 | 16,538 |
| Total | | | 2,200,000 | 330,000 | 295,000 | - | - | - | - | - | - | - | - | 2,825,000 | - | 2,825,000 | 217,053 |

d-5) Remuneration of Committees members: Below are the details of Committees members' remunerations for the year 2023 (SAR):

| No. | Committee / member name | Title | Fixed remuneration (excluding the allowance for attending Board meetings) | Attendance fees (5,000 per meeting) | Total | Expenses allowance |
|---|---|----------|---|-------------------------------------|----------------|--|
| Audit Committee Members: | | | | | | |
| 1. | Mr. Fahad Abdullah Al Kassim (Non-Executive, Savola Board member) | Chairman | 150,000 | 30,000 | 180,000 | Mentioned in the previous Board remuneration table |
| 2. | Mr. Mohammed Ibrahim Alissa (Independent, Savola Board member) | Member | 150,000 | 30,000 | 180,000 | Mentioned in the previous Board remuneration table |
| 3. | Mr. Bader Hamad Al-Rabiah (Independent, Savola Board member) | Member | 150,000 | 30,000 | 180,000 | Mentioned in the previous Board remuneration table |
| 4. | Mr. Tareq Abdullah Al-Garaawy (Independent, External member) | Member | 150,000 | 30,000 | 180,000 | 8,818 |
| 5. | Dr. Jassim Shaheen Al Rumaihi (Independent, External member) | Member | 150,000 | 30,000 | 180,000 | N/A |
| Total | | | 750,000 | 150,000 | 900,000 | 8,818 |
| Remuneration and Nomination Committee Members: | | | | | | |
| 1. | Mr. Rakan Abdulaziz Al Fadl (Independent, Savola Board member) | Chairman | 100,000 | 20,000 | 120,000 | Mentioned in the previous Board remuneration table |
| 2. | Mr. Bader Abdullah Alissa (Non-Executive, Savola Board member) | Member | 100,000 | 20,000 | 120,000 | Mentioned in the previous Board remuneration table |
| 3. | Mr. Ahmed Waza Al Qahtani (Non-Executive, Savola Board member) | Member | 100,000 | 20,000 | 120,000 | Mentioned in the previous Board remuneration table |
| 4. | Mr. Bader Hamad Al Rabiah (Independent, Savola Board member) | Member | 100,000 | 20,000 | 120,000 | Mentioned in the previous Board remuneration table |
| 5. | Mr. Johan Brand (Independent, External member) | Member | 100,000 | 20,000 | 120,000 | N/A |
| Total | | | 500,000 | 100,000 | 600,000 | - |
| Investment Committee Members: | | | | | | |
| 1. | Eng. Mutaz Qusai Al Azzawi (Non-Executive, Savola Board member) | Chairman | 100,000 | 25,000 | 125,000 | Mentioned in the previous Board remuneration table |
| 2. | Mr. Ahmed A. Al Humaidan (Non-Executive Board Member) | Member | 100,000 | 25,000 | 125,000 | Mentioned in the previous Board remuneration table |
| 3. | Mr. Isam M. Al Muhaidib (Non-executive Board Member) | Member | 100,000 | 25,000 | 125,000 | Mentioned in the previous Board remuneration table |
| 4. | Mr. Mohammed Ibrahim Alissa (Independent, Savola Board member) | Member | 100,000 | 25,000 | 125,000 | Mentioned in the previous Board remuneration table |
| 5. | Mr. Waled A. Al Ghreri (Independent Board Member) | Member | 100,000 | 25,000 | 125,000 | Mentioned in the previous Board remuneration table |
| Total | | | 500,000 | 125,000 | 625,000 | - |

Corporate Governance Report and major relevant disclosures Organization structure :

d-6) Senior executives' compensation of Savola Group for 2023:

Compensation and benefits paid to 5 senior executives including the CEO and CFO of the Group during 2023 were:

| No. | Description | Senior executives' (5 in total) compensation including the CEO and the CFO (SAR '000s) |
|---------------------------------------|---|--|
| Fixed Remuneration | | |
| - | Salaries | 12,168 |
| - | Allowances (including housing, transportation, health insurance, education allowance, etc.) | 4,258 |
| - | In-kind benefits | 713 |
| Total of fixed remuneration | | 17,139 |
| Variable Remuneration | | |
| - | Periodic remuneration | 60 |
| - | Profits | 0 |
| - | Short-term incentive plans (including performance-related bonus for 2023) | 21,984 |
| - | Long-term incentive plans | 0 |
| - | The value of the Granted shares | 3,546 |
| Total of variable remuneration | | 25,590 |
| - | End of service award | 1,136 |
| - | Total remuneration for Board executives if any | 0 |
| Grand total | | 43,865 |

Clarification: The Group has complied with the disclosure of the components of the senior executives' remuneration on aggregate in line with the requirements of subparagraph (a) of paragraph (4) of (Article 90) of the Corporate Governance Regulations issued by CMA, but to protect the interests of the Company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed senior executives' remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.

d-7) The relation between the paid remuneration and the adopted Remuneration Policy:

Based on the remuneration policy of the Board of Directors and its Committees and Executive Management, mentioned earlier in this Report, and in light of the remuneration paid for the Board, its committees, and the Executive Management and what is proposed for the Board, it shows Savola conforming with the approved policy without any material deviation from it.

e) Description of any interest of the Board Members, senior executives and their relatives

e-1) Description of any interest of the Board members and their relatives in shares or debt instruments of the Company:

| Board members and their relatives: | | | | | | | |
|--|---|-----------------------|------------------|-----------------|------------------|------------|----------------------|
| No. | Names of members whom the interest, contractual securities or rights issue belongs to | Beginning of the year | | End of the year | | Net change | Percentage of change |
| | | Shares | Debt instruments | Shares | Debt instruments | | |
| First: Board members: | | | | | | | |
| 1. | Mr. Sulaiman Abdulkadir Al Muhaidib | 1000 | 0 | 1,000 | 0 | 0 | 0% |
| 2. | Mr. Bader Abdullah Alissa | 1,025 | 0 | 1,025 | 0 | 0 | 0% |
| 3. | Mr. Ahmed Waza Al Qahtani | 0 | 0 | 0 | 0 | 0 | 0% |
| 4. | Mr. Ahmad Abdulrahman Al Humaidan | 0 | 0 | 0 | 0 | 0 | 0% |
| 5. | Eng. Mutaz Qusai Al Azzawi | 1,000 | 0 | 1,000 | 0 | 0 | 0% |
| 6. | Mr. Fahad Abdullah Al Kassim | 2,000 | 0 | 2,000 | 0 | 0 | 0% |
| 7. | Mr. Mohammed Ibrahim Alissa | 1,000 | 0 | 1,000 | 0 | 0 | 0% |
| 8. | Mr. Issam Majed Al Muhaidib | 24,029 | 0 | 24,029 | 0 | 0 | 0% |
| 9. | Mr. Waled Abdullah Al Ghleri | 675 | 0 | 675 | 0 | 0 | 0% |
| 10. | Mr. Rakan Abdulaziz Al Fadl | 142,060 | 0 | 142,060 | 0 | 0 | 0% |
| 11. | Mr. Bader Hamad Al Rabiah | 2,500 | 0 | 2,500 | 0 | 0 | 0% |
| Second: Board members' relatives: N/A | | | | | | | |

e-2) Description of any interest of the senior executives and their relatives in shares or debt instruments of the Company:

| Senior Executives and their relatives: | | | | | | | |
|--|--|-----------------------|------------------|-----------------|------------------|------------|----------------------|
| No. | Names of executives whom the interest, contractual securities or rights issue belongs to | Beginning of the year | | End of the year | | Net change | Percentage of change |
| | | Shares | Debt instruments | Shares | Debt instruments | | |
| First: Senior Executives: | | | | | | | |
| 1. | Mr. Waleed Khalid Fatani (Savola Group CEO) | 4,826 | 0 | 4,826 | 0 | 0 | 0% |
| 2. | Mr. Sameh Hassan (Savola Foods Co. CEO) | 0 | 0 | 24,836 | 0 | 24,836 | 100% |
| 3. | Dr. Bander Talaat Hamooh (Panda Retail Co. CEO) | 26 | 0 | 26 | 0 | 0 | 0% |
| 4. | Mr. Wajid Usman Khan (Chief Financial Officer) | 0 | 0 | 7,537 | 0 | 7,537 | 100% |
| 5. | Mr. Mohammed Nasr (Chief Investment Officer) | 0 | 0 | 0 | 0 | 0 | 0% |
| 6. | Mr. Elnour Ali Saad (Chief Corporate Governance and Legal Affairs Officer & Board Secretary) | 15,340 | 0 | 20,600 | 0 | 5,260 | 25.54% |
| 7. | Mr. Morhaf Mohammed Alsamman (Chief Human Resources & Corporate Services Director) | 0 | 0 | 4,483 | 0 | 4,483 | 100% |
| Second: Senior executives' relatives: N/A | | | | | | | |

Corporate Governance Report and major relevant disclosures Organization structure :

e-3) Description of any interest of Board members and their relatives in shares or debt instruments in Herfy Food Services Co. (a listed subsidiary of Savola Group) as of 31 December 2023:

| No. | Names of executives whom the interest, contractual securities or rights issue belongs to | Beginning of the year | | End of the year | | Net change | Percentage of change |
|---|--|-----------------------|------------------|-----------------|------------------|------------|----------------------|
| | | Shares | Debt instruments | Shares | Debt instruments | | |
| First: Board members: | | | | | | | |
| 1. | Eng. Mutaz Qusai Alazawi | 1,400 | 0 | 1,400 | 0 | 0 | 0% |
| 2. | Mr. Issam Majed Al Muhaidib | 1 | 0 | 1 | 0 | 0 | 0% |
| Second: Board members relatives: N/A | | | | | | | |
| Third: Executive management, and their relative: N/A | | | | | | | |

f) The major Board resolutions and important events during the year, which some of them announced through Tadawul or were published in the Company website:

| No. | Date | Resolutions / Announcement subject |
|-----|------------|---|
| 1. | 07/02/2023 | Savola Group announced its determination to buy-back its shares for the Employees Long Term Incentive Program (LTIP) |
| 2. | 27/03/2023 | Savola Group announced its Annual Financial Results for the Year Ended on 31-12-2022 |
| 3. | 27/03/2023 | Savola Group announced the Recommendation of Its Board of Directors to Distribute Cash Dividends to its Shareholders for the Year 2022 |
| 4. | 13/04/2023 | Savola Group invited its shareholders to attend the Extraordinary General Assembly Meeting (No.34) (First Meeting) via modern technology means. |
| 5. | 04/05/2023 | Savola Group announced to its Shareholders the Commencement Date of the Electronic Voting on the Agenda of its Extraordinary General Assembly Meeting (EGM) No. 34 (First Meeting). |
| 6. | 10/05/2023 | Savola Group announced its Interim Financial Results for the Period Ended on 31/03/2023 (Three Months) |
| 7. | 11/05/2023 | Savola Group announced the Results of the Extraordinary General Assembly Meeting (No.34) (First Meeting) |
| 8. | 29/05/2023 | Savola Group announced the Results of its Shares Buy-back (One Phase) |
| 9. | 09/08/2023 | Savola Group announced its Interim Financial Results for the Period Ended on 30/06/2023 (Six Months) |
| 10. | 17/10/2023 | Savola Group announced its position regarding the published news in some media platforms in relation to the sale of a portion or its entire stake in Al Marai Company |
| 11. | 07/11/2023 | Savola Group announced the interim financial results for the period ended on 30/09/2023 (Nine Months) |
| 12. | 07/02/2024 | Savola Group announced its Board's Recommendation to Increase Capital by Rights Issue and to Distribute its Entire 34.52% Stake in Almarai to Savola's Shareholders. |
| 13. | 07/02/2024 | Savola Group announced the interim financial results for the period ended on 31/12/2023 (Twelve Months) |
| 14. | 07/02/2024 | Savola Group announced the Board of Directors decision not to distribute dividends for the year 2023 |

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

g) Shareholders' rights and investor relations

Illustrating Savola's commitment to enhancing its relationship with shareholders, investors and all stakeholders, and because of the Group's strong beliefs in the importance of corporate governance to protect shareholders' rights and maintain effective internal controls through the activation of the Board and its Committees' roles, and commitment to the principles of disclosure and transparency, during 2023, the Group continued to implement and comply with the Corporate Governance Regulations of Saudi Arabia's Capital Market Authority and other relevant regulations. In addition to the performance and financial results previously outlined, Savola discloses information that is of interest to its shareholders and investor community in line with relevant regulations and best international practices adopted by the Group in corporate governance and transparency. These are:

g-1) Shareholder rights and mechanisms of communication:

Due to the Group's belief, interest, and care in the rights of its shareholders, and in light of applicable regulations, these rights form part of Savola's bylaws and Corporate Governance Manual, which can be viewed on Savola's website.

g-2) Enable shareholders and investors to access information:

Savola publishes financial statements, announcements, and key decisions on the Saudi Stock Exchange (Tadawul) website and in the annual Directors' Report. A dedicated department manages and deals with shareholder affairs and responds to their enquiries.

g-3) Procedures for informing the Board members of the shareholders' suggestions and notes on the Company and its performance:

Keeping the Board members informed of the shareholders' proposals and comments on the Company and its performance through the following procedures:

1. Presenting the shareholders' proposals and comments (if any) to the Board members at the nearest meeting or any other effective means of communication to achieve the purpose on an ongoing basis.
2. Organizing continuous meetings with investors (Investor Relation Programs) and briefing the Board on the substantive proposals they make.
3. The Board members are attending the General Assembly meetings where shareholders raise their suggestions to the Board during the meeting and the Board responds to these suggestions during the meeting.

In addition, the Chairman of the Board discusses the shareholders' suggestions (if any) and the performance without the presence of any of the executives (whenever deemed necessary).

g-4) Savola Group equity profile as of 31 December 2023:

| No. | Detail | Value in SAR/Number of shares |
|-----|--|-------------------------------|
| 1. | Company authorized capital | SAR 5,339,806,840 |
| 2. | Issued shares (all Company's shares are ordinary shares) * | 533,980,684 Shares |
| 3. | Floated issued shares (by Tadawul records as of 15 March 2024) | 530,540,942 Shares |
| 4. | Paid-up capital | SAR 5,339,806,840 |
| 5. | Nominal value per share | SAR 10 |
| 6. | Paid-up value per share | SAR 10 |

Declaration:

* The Group does not have preferred shares or shares with special priority rights of voting, issued to either shareholders, Board of Directors or employees. All shares of the Group are ordinary shares of equal nominal value and rank equally in voting rights and other rights as specified by regulations.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

g-5) Dates of key events for shareholders and investors:

In accordance with international best practice in Corporate Governance, Savola shares the dates of key anticipated events during 2024 which may be of interest to our valued shareholders and investors:

| No. | Dates 2024 | Key events for 2024 |
|-----|--|--|
| 1. | 6 February | Audit Committee meeting to review company performance updates. |
| 2. | 6 February | Board of Directors' meeting regarding company performance updates. |
| 3. | 24 March | Audit Committee meeting regarding the audited financial results for 2023. |
| 4. | 26-27 March | The annual financial results for 2023 will be approved by Board of Directors. |
| 5. | 26-27 March | Date of publishing the Annual Financial Results of year 2023 on Tadawul and then Savola website. |
| 6. | 28-31 March | Date of publishing the Savola Group Annual Report for 2023. |
| 7. | Within one week after financial results announcement | Earning call for Institutional investors and Analysts regarding financial results for 2023. |
| 8. | 7 May | Audit Committee meeting to recommend to the Board approval of the financial results for the first quarter of 2024. |
| 9. | 7 May | Board of Directors' meeting regarding the financial results for the first quarter of 2024 which will be announced in the light of the Board's decision during the prescribed period. |
| 10. | 7 May | Hold the Annual General Meeting (AGM) which will be announced as per regulation (proposed date subject to the approval of the official authorities). |
| 11. | Within one week after financial results announcement | Earning call for Institutional investors and Analysts regarding financial results for Q1, 2024. |
| 12. | 6 August | Audit Committee meeting to recommend to the Board approval of the financial results for the second quarter of 2024. |
| 13. | 9-10 August | Date of publishing the financial results for the second quarter of 2024 on Tadawul once approved by the Board based on the recommendation of the Audit Committee. |
| 14. | Within one week after financial results announcement | Earning call for Institutional investors and Analysts regarding financial results for Q2, 2024. |
| 15. | 5 November | Audit Committee meeting to recommend to the Board approval of the financial results for the third quarter of 2024. |
| 16. | 5 November | Board of Directors' meeting regarding the financial results for the third quarter of 2024 which will be announced in the light of the Board's decision during the prescribed period. |
| 17. | Within one week after financial results announcement | Earning call for Institutional investors and Analysts regarding financial results for Q3, 2024. |
| 18. | 2 nd half of 2024 | Conduct annual workshop for the Board of Directors to review the strategy for the Group and its subsidiaries. |
| 19. | During the 2 nd quarter of 2024 | Date of publishing the Savola Group Sustainability Report for 2023 |

Note: Savola would like to point out that the above dates are approximate and may change according to notifications received from official authorities. Although Savola is determined to carry out these events on the planned dates, we assume no obligation from failure to do so.

g-6) The Dividends Distribution Policy:

a) The policy:

As per Article (40) of the Company bylaws the Company's annual net profits shall be distributed as follows:

- The General Assembly shall determine the percentage of the net profit to be distributed to the shareholders after deducting the reserves, if any, pursuant to the recommendation of the Board of Directors as required by the regulations in this regard and the Company's Bylaws.

Article (41) of the bylaws which states that:

- Shareholder shall be entitled to his share of dividends as per the general assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the eligibility date and the distribution date. The entitlement of dividend shall be to the shareholders who are registered in the shareholders' records at the end of the eligibility date.
- The Company may, under its bylaws, distribute interim dividends (quarterly or bi-annual) to its shareholders after fulfilling the statutory requirements.

In light of the dividends policy and the Group's bylaws, the Group used to distribute cash dividends in the range of 50% to 60% of the net profit achieved during each financial year based on the Board of Directors' recommendations.

b) The Board decision Not to distribute cash Dividends for 2023:

in light of the Board of Directors' recommendation to issue rights to strengthen the financial position and to enable the distribution of Savola's entire stake in Almarai Company to Savola's shareholders after securing the necessary approvals from regulatory authorities and the Shareholders General Assembly, accordingly, Savola Board decided in its meeting held on 6th of Feb 2024 not to distribute cash dividends for the year 2023 as per the company announcement in Tadawul dated 7/2/2024. Additionally, no interim dividends were distributed during the year 2023

Shareholder Information and Share Price Data:

As of 31 December 2023, Savola had 97,518 shareholders compared to 107,888 shareholders by the end of last year as per Tadawul records, the following tables provide an overview of Savola's ownership structure including criteria and types:

a) Savola Investors according to nature of investor:

| Investor Nature | Percentage of Ownership | Number of Investors | Number of Shares |
|---|-------------------------|---------------------|--------------------|
| Corporate Investors | 70.04 | 606 | 375,439,240 |
| Individual Investors (including share certificates holders) | 29.96 | 96,912 | 158,541,444 |
| Total | %100 | 97,518 | 533,980,684 |

b) Savola Investors according to their nationality:

| Investor Nationality | Percentage of Ownership | Number of Investors | Number of Shares |
|----------------------|-------------------------|---------------------|--------------------|
| Saudi Investors | 88.17 | 96,083 | 470,804,984 |
| Foreign Investors | 11.83 | 1,435 | 63,175,700 |
| Total | %100 | 97,518 | 533,980,684 |

c) Savola Investors according to their nature:

| Investor Nature | Percentage of Ownership | Number of Investors | Number of Shares |
|--|-------------------------|---------------------|--------------------|
| Individual Investors (including share certificate holders) | 29.96 | 96,912 | 158,541,444 |
| COMPANY | 48.30 | 90 | 255,535,132 |
| QFI – FUND | 8.39 | 384 | 44,410,783 |
| MUTUAL – FUNDS | 5.99 | 42 | 31,671,220 |
| GOVERNMENT | 5.88 | 10 | 31,119,533 |
| QFI – COMPANY | 2.22 | 59 | 11,748,203 |
| QFI - GOVERNMENT AND RELATED ENTITIES | 0.08 | 3 | 400,994 |
| ENDOWMENTS | 0.06 | 12 | 315,035 |
| GOVERNMENT – FUNDS | 0.04 | 1 | 236,210 |
| Swap Agreements | 0.0004 | 4 | 2,120 |
| Foreign Individual Investore | 0.000002 | 1 | 10 |
| Total | %100 | 97,518 | 533,980,684 |

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

d) Savola Investors according to their the percentage of ownership:

| Ownership Size | Percentage of Ownership | Number of Investors | Number of Shares |
|--|-------------------------|---------------------|--------------------|
| More than 1 million shares | 75.55 | 47 | 403,405,652 |
| From 500,000 to less than 1 million shares | 4.14 | 32 | 22,086,189 |
| From 100,000 to less than 500,000 shares | 8.23 | 207 | 43,940,040 |
| From 50,000 to less than 100,000 shares | 2.22 | 171 | 11,834,693 |
| From 10,000 to less than 50,000 shares | 4.10 | 1,060 | 21,882,749 |
| From 5,000 to less than 10,000 shares | 1.27 | 997 | 6,802,377 |
| From 1,000 to less than 5,000 shares | 2.13 | 5,688 | 11,348,412 |
| Less than 1,000 shares | 2.37 | 89,316 | 12,680,572 |
| Total | %100 | 97,518 | 533,980,684 |

e) Savola Investors according to their ownership type:

| Ownership Type | Percentage of Ownership | Number of Investors | Number of Shares |
|-----------------------|-------------------------|---------------------|--------------------|
| Investment Portfolios | 99.09 | 55,790 | 529,112,753 |
| Shares Certificates | 0.91 | 41,728 | 4,867,931 |
| Total | %100 | 97,518 | 533,980,684 |

f) Share Price Data (SAR)

| Share price 1 January 2023 | Share price 31 December 2023 | Share price 3 years ago | 52-week high | 52-week low | Change from 2022-2023 |
|-------------------------------|---------------------------------|----------------------------|--------------|-------------|--------------------------|
| 28.05 | 37.45 | 38.3 | 57.5 | 26.15 | 102.12 |

Shares performance summary at the end of each month (high, low, and closing) during the fiscal year 2023 (all information was obtained from the Company's page in the Saudi Stock Exchange – Tadawul's website):

| Month | High | Low | Close |
|-----------|-------|-------|-------|
| January | 29.95 | 29.20 | 29.95 |
| February | 27.20 | 26.80 | 27.20 |
| March | 27.95 | 27.25 | 27.95 |
| April | 32.00 | 31.60 | 31.75 |
| May | 36.65 | 35.50 | 35.90 |
| June | 41.90 | 41.40 | 41.65 |
| July | 42.30 | 41.00 | 42.30 |
| August | 38.40 | 37.45 | 37.90 |
| September | 36.90 | 36.05 | 36.05 |
| October | 36.65 | 35.70 | 36.40 |
| November | 37.50 | 36.85 | 37.50 |
| December | 37.50 | 37.30 | 37.45 |

g-7) Major shareholders list:

Below are shareholders owning 5% or more of the total shares of the Group, and movements during 2023 (in SAR):

| Description of any interest in a class of voting shares held by persons (other than the Company's directors, senior executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year | | | | | | | | |
|---|-----------------------------------|----------------|---------------------------------|------------------------------------|---------------------------|-------------------------------|---------------|-------------------|
| No. | Name | Nationality | Shares at the beginning of 2023 | Ownership at the beginning of 2023 | Shares at the end of 2023 | Percentage at the end of 2023 | Shares change | Percentage change |
| 1. | Assila Investments Co. | Saudi Company | 60,000,000 | 11.24% | 60,000,000 | 11.24% | 0 | 0% |
| 2. | Abdulkadir Al Muhaidib & Sons Co. | Saudi Company | 43,966,110 | 8.23% | 43,966,110 | 8.23% | 0 | 0% |
| 3. | Mr. Abdullah M.A. Al Rabiah | Saudi National | 43,892,500 | 8.22% | 43,892,500 | 8.22% | 0 | 0% |
| 4. | Al Muhaidib Holding Co. | Saudi Company | 33,980,684 | 6.36% | 33,980,684 | 6.36% | 0 | 0% |

Declaration:

- Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Group confirms that it has not received any written notification during 2023 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 December 2023.

g-8) Details of retained Treasury Shares and their purposes for 2023:

| Date of retention | Number of retained Treasury Shares | Value of the retained Treasury Shares (at the time of buy-back) | Purpose of keeping the shares as Treasury Shares |
|---|------------------------------------|---|--|
| 13 September 2020 | 341,675 | SAR16,508,713 | To retain the shares as Treasury Shares under the Employees LTIP which aims to attract and retain outstanding talent and to motivate them to further strengthen their performance to achieve Savola Group objectives. The shares will be transferred to the eligible employees as per the program conditions and policy approved by the Board after the vesting period elapses (i.e., after 3 years from the allocation date) according to each tranche starting date. |
| 9 September 2021 | 349,076 | SAR 13,924,773 | |
| 10 February 2022 | 637,955 | SAR 21,427,933.60 | |
| 29 May 2023 | 2,182,858 | SAR 79,999.99 | |
| Total shares bought for the program | 3,511,564 | - | |
| Total shares transferred to beneficiaries according to the program policy | 247,112 | - | |
| Total of Retained Treasury Shares as of 31 st Dec. 2023 | 3,264,452 | - | |

g-9) Numbers of Company's requests of shareholders records, dates and reasons thereof for 2023:

| No. | Date of request 2023 | Reason |
|--------------|---|---|
| 1. | 30 March, 2 July, 28 September, 31 December | (4 Reports) Company Procedures |
| 2. | 10 May | (1 Report) regarding the General Assembly |
| 3. | 14 May | Dividends File to determine eligibility |
| Total | | 6 Reports |

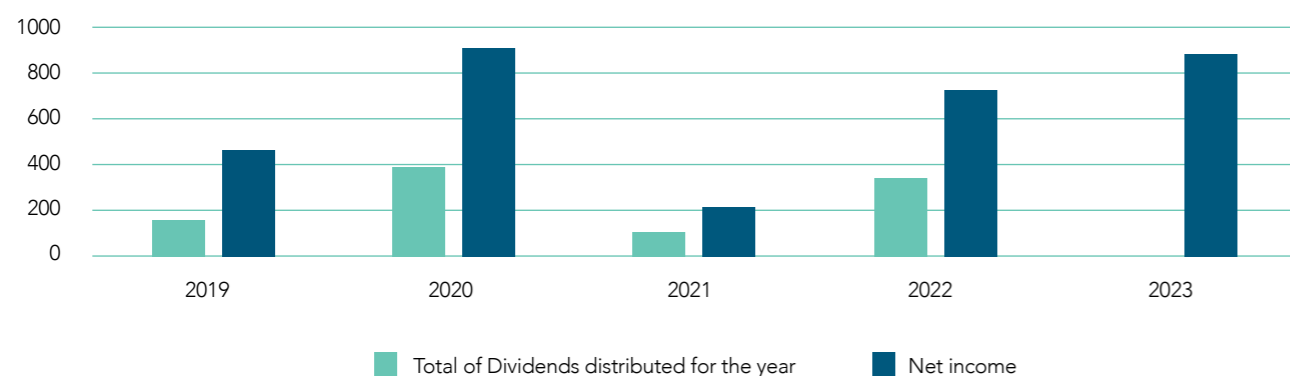
SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Corporate Action

| No. | New Capital | Previous Capital | Issue Type | Date |
|-----|---------------|------------------|--------------|------------------|
| 1 | 5,339,806,840 | 5,000,000,000 | Acquisition | 04 November 2013 |
| 2 | 5,000,000,000 | 3,750,000,000 | Bonus Shares | 25 March 2008 |
| 3 | 3,750,000,000 | 3,000,000,000 | Bonus Shares | 11 October 2006 |
| 4 | 3,000,000,000 | 1,800,000,000 | Bonus Shares | 15 April 2006 |
| 5 | 1,800,000,000 | 1,500,000,000 | Right Issue | 16 November 2005 |

Dividends

| Year | Dividends per share (SAR) | Total of Dividends distributed/ for the year (SAR'000s) | Net income (SAR'000s) | Percentage |
|-------|---------------------------|---|-----------------------|------------|
| 2019 | 0.30 | 160,194 | 475,630 | 33.68% |
| 2020 | 0.75 | 400,486 | 910,802 | 43.97% |
| 2021 | 0.20 | 106,796 | 221,879 | 48.13% |
| 2022 | 0.66 | 352,427 | 742,752 | 47.45% |
| 2023* | 0 | 0 | 899,185 | 0% |



*Note:

In light of the Board of Directors' recommendation to issue rights to strengthen the financial position and to enable the distribution of Savola's entire stake in Almarai Company to Savola's shareholders after securing the necessary approvals from regulatory authorities and the Shareholders General Assembly, accordingly, Savola Board decided not to distribute cash dividends for the year 2023 as per the company announcement in Tadawul dated 7/2/2024.

h) Transactions with related parties that took place during 2023, these transactions will be renewed for the upcoming year in the upcoming AGM meeting as per laws and regulation in this regard:

Information relating to any business or contract to which the Company is a party and in which a Board member, a senior executive or any person related to any of them is or was of interest:

1) Transactions and contracts with a direct or indirect interest between the Company and Abdulkadir Al Muhaidib & Sons Co. and Al Muhaidib Group and their subsidiaries or any person related to any of them:

| No. | The nature of the transaction or contract | The value amount of the transaction or contract for 2023 | The conditions of the transaction or contract | The duration of the transaction or contract | Name of the Board member/ senior executive or any person related to any one of them |
|--|---|--|---|---|---|
| a. Savola and Al Muhaidib: | | | | | |
| Business or contract in which Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries or any person related to any of them has direct or indirect interest. The total amount of the transactions is SAR 453.98 million. | | | | | |
| 1. | Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Mayar Foods Co. | SAR 149.61 million | In the ordinary course of business and general commercial terms worked without any preferential treatment | Annually | Mr. Sulaiman Abdulkadir Al Muhaidib who is the chairman of Abdulkadir Al Muhaidib & Sons Co. Group as well as the Chairman of Savola, in addition to, Mr. Isam Majed Almuhaideb who is a Board member in Savola Group and in the Executive Management of Al Muhaidib Group. |
| 2. | Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Del Monte Saudi Arabia | SAR 8.12 million | (including product quality, payment method, pricing, delivery, delay penalties, etc.) | | |
| 3. | Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Nestle Group and its subsidiaries. | SAR 253.67 million | In the ordinary course of business and general commercial terms worked without any preferential treatment | | |
| 4. | Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Manhal Water Factory Co. Ltd. | SAR 7.61 million | (including renewal, payment methods, maintenance, insurance, etc.) | | |
| 5. | Leasing spaces to sell its products along with trading foods products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Almehbaj Alshamiyah Trading Co. | SAR 16.77 million | | | |
| 6. | Scrap sales by Panda Retail Co. (a subsidiary of Savola) to Waste Collection & Recycling Company | SAR 2.56 million | | | |
| 7. | Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Zohoor Alreef Co. | SAR 166 thousand | | | |
| 8. | Leasing by Panda Retail Co. (a subsidiary of Savola) from Abdulkadir Al Muhaidib & Sons Co. | SAR 15.48 million | | | |
| Total | | SAR 453.98 million | | | |

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

2) Transactions and contracts with a direct or indirect interest between the Company and Almarai Co.:

| No. | The nature of the transaction or contract | The value amount of the transaction or contract for 2023 | The conditions of the transaction or contract | The duration of the transaction or contract | Name of the Board member/ senior executive or any person related to any one of them |
|--|--|--|---|---|---|
| b. Savola and Almarai Co: | | | | | |
| Business or contract in which Almarai Co. and its subsidiaries, or any person related to any of them, has a direct or indirect interest. The total amount of the transactions is SAR 952.07 million. | | | | | |
| 1. | Purchasing consumer foods goods by Panda Retail Co. (a subsidiary of Savola) from Almarai Co. and its subsidiaries | SAR 797.73 million | In the ordinary course of business and general commercial terms worked without any preferential treatment | Annually | Both Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Alissa are Board members in Almarai as well as Savola Group. In addition to Mr. Walid Fatani Group CEO who is a member of Almarai Board. |
| 2. | Selling sugar by United Sugar Company (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries | SAR 78.94 million | (including product quality, payment method, pricing, delivery, delay penalties, etc.) | | |
| 3. | Selling specialty fats products by International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries | SAR 75.40 million | | | |
| Total | | SAR 952.07 million | | | |

3) Transactions and contracts with a direct or indirect interest between the Company and Herfy Food Services Co.:

| No. | The nature of the transaction or contract | The value amount of the transaction or contract for 2023 | The conditions of the transaction or contract | The duration of the transaction or contract | Name of the Board member/ senior executive or any person related to any one of them |
|---|---|--|--|---|---|
| c. Savola and Herfy Co: | | | | | |
| Business or contract in which Herfy Food Services Co. and its subsidiaries or any person related to any of them has direct or indirect interest. The total amount of the transactions is SAR 57.36 million. | | | | | |
| 1. | Leasing shops and retail purchases of food products by Panda Retail Co. (a subsidiary of Savola) to/from Herfy Food Services Co. | SAR 28.32 million | In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.) | Annually | Eng. Mutaz Qusai Al Azzawi, who is the Chairman of Herfy Board, and Herfy Board member Mr. Isam Majed Almuhaideb are both Board members in Savola Group. Also Mr. Waleed Fatani Group CEO who is a Board member in Herfy. |
| 2. | Selling edible oil products by Afia International (a subsidiary of Savola Foods Co.) to Herfy Food Services Co. | SAR 20.54 million | In the ordinary course of business and general commercial terms worked without any preferential treatment | | |
| 3. | Selling sugar by United Sugar Co. (a subsidiary of Savola Food Co.) to Herfy Food Services Co. | SAR 3.32 million | (including product quality, payment method, pricing, delivery, delay penalties, etc.) | | |
| 4. | The sale of specialty fats products by the International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Herfy Food Services Co. | SAR 5.18 million | | | |
| Total | | SAR 57.36 million | | | |

4) Transactions and contracts with a direct or indirect interest between the Company and other companies:

| No. | The nature of the transaction or contract | The value amount of the transaction or contract for 2023 | The conditions of the transaction or contract | The duration of the transaction or contract | Name of the Board member/ senior executive or any person related to any one of them |
|-----|---|--|--|---|--|
| 1. | Leasing of shop by Panda Retail Co. (a subsidiary of Savola) from Dur Hospitality Co. | SAR 6 million | In the ordinary course of business and general commercial terms worked without any preferential treatment including renewal, payment methods, maintenance, insurance, etc. | Annually | Mr. Badr Abdullah Alissa is a Board member and Mr. Fahad Abdullah Al Kassim in Dur Hospitality Co. (up to December 2023) and Savola Group. |

i) A description of any transaction between the Company and any related party:

- The following transactions mainly represent sale and purchase of products and leases of stores in the normal course of business with associates and other entities related to subsidiaries. The terms of such transactions are mutually agreed between the parties, with the same conditions and with no preference over third parties:

| No. | Related party | Relationship | Transaction | Duration | Value/Amount |
|-----|--|--------------|----------------------------------|-------------|---------------------|
| 1. | Khairat Al Sharq for General Trade and Manufacturing Foodstuff Company | Associate | Payments on behalf | During 2023 | SAR 7.22 million |
| | | | Loan written off | | SAR 20.83 million |
| 2. | United Sugar Co. Egypt – SFC | Associate | Margin Call / payments on behalf | During 2023 | SAR 45.96 million |
| | | | Compensation | | SAR – 42.44 million |
| | | | Loan / Advance | | SAR 147.88 million |

j) Related Party Transactions which requiring disclosure according to the regulatory requirements:

- 1) Transactions and contracts taking place during 2023 in which a member of the Executive Management has a direct or indirect interest in it:

| No. | The nature of the transaction or contract | The value amount of the transaction or contract for 2023 | The conditions of the transaction or contract | The duration of the transaction or contract | Name of the Board member/ senior executive or any person related to any one of them |
|-----|--|--|--|---|---|
| 1. | Leasing of shops by Panda Retail Co. (a subsidiary of Savola) from Kinan International for Real Estate Development Co. | SAR 24.74 million | In the ordinary course of business and general commercial terms worked without any preferential treatment including renewal, payment methods, maintenance, insurance, etc. | Annually | Group CEO Mr. Waleed Fatani is a Board member in Kinan. |

k) Competing businesses with the Company or any of its activities engaged in during 2023:

- k-1) Competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses:

| No. | Board member engaging in or was engaging in competing businesses | Nature and conditions of competing business |
|-----|---|--|
| 1. | Mr. Sulaiman Abdulkadir Al Muhaidib* (Non-executive Board member) | The competing businesses- directly and indirectly- relate to the ownership and management of Al-Mehbaj Company (one of Abdulkadir Al-Muhaidib & Sons Companies), which is a company that specializes food retail, specifically nuts, coffee, grains, spices, dried fruits, and dehydrated vegetables. The mentioned activities are considered a competitor to Bayara Company Holding Ltd., one of the subsidiaries of Savola Foods Company (one of the wholly owned subsidiaries of Savola Group), a company engaged in the manufacture and distribution of healthy snacks (raw and roasted nuts, dates, seeds, dried fruits, sweets) and cooking spices (herbs, spices and pulses). |
| 2. | Mr. Isam Majed Al Muhaidib (Non-executive Board member) | |

* **Note:** It is worth noting that the approval of the Extraordinary General Assembly was obtained in its meeting held on 10/05/2023 regarding the participation in the above-mentioned competing business.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

I) What has/has not been implemented of the CG regulations, CG procedure and effectiveness, and initiatives:

I-1) Board Declaration according to CMA CG Regulations for 2023:

As per the CG regulations requirement for the Company to make a declaration regarding non-applicable or non-existing matters, the Board undertakes the following:

| No. | Declaration/Confirmation |
|-----|---|
| 1. | The External Auditors' report for the year 2023 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements. |
| 2. | The Company's books and records comply with the accounting standards issued by SOCPA. |
| 3. | There was no recommendation by the Board of Directors to replace the External Auditors (KPMG), appointed for the fiscal year of 2023 to audit the Group's financials and they were not replaced during the year. |
| 4. | The External Auditors did not provide consultancy services to the Group during 2023 and did not receive any fees in this regard. |
| 5. | The Board of Directors did not receive any request from the External Auditor to convene a General Assembly. |
| 6. | The Company has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered into by a Board member with third parties. |
| 7. | There were no punishment, penalties or precautionary attachments imposed on the Company by the Capital Market Authority, or by any other supervisory, regulatory or judicial body. |
| 8. | The Company has avoided taking any action that might hamper the use of shareholders' voting rights. |
| 9. | The Company did not receive any request to convene a General Assembly or a request to add one or more items to the agenda upon its preparation from a number of shareholders whose shareholdings represent at least 10% of the equity share capital. |
| 10. | The Chairman of the Board did not receive a written request to call for an unscheduled meeting from any Board members during 2023. |
| 11. | The Board of Directors did not waive any of the Company's debts during the year 2023. |
| 12. | There is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors and their relatives in the shares or debt instruments of the subsidiaries except as mentioned in this Report in (e-3) regarding the ownership of some of them in Herfy Food Services Co. |
| 13. | There is no interest, contractual documents and subscription rights of senior executives and their relatives in the shares or debt instruments of subsidiaries. Note: The Company has disclosed the conflict of interest for Board Members and Senior Executives and their relatives. |
| 14. | There are no debt instruments issued to Savola Group and its subsidiaries except as detailed in this Report in the loans section. |
| 15. | There is no class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year. |
| 16. | There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company. |
| 17. | There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the Company and those purchased by its affiliates. |
| 18. | There are no interests in any class of voting shares for anyone (except to the Board members and senior executives and their relatives) who have notified the Company with these interests, and any changes in these rights during the last fiscal year. |
| 19. | A description of waiving any salary or compensation by an arrangement or agreement with: A Director: (applicable): Mr. Sulaiman Abdulkadir Al Muhaidib (the Chairman of the Board of Directors), has donated his annual Board remuneration, attendance allowance, expenses allowance for the fiscal year 2023 of SAR 255,200 to support the Group's Employee Takaful Fund. A senior executive of the Group: (not applicable). |
| 20. | There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends. |
| 21. | The Board confirms that: A) The Company's accounting records were properly prepared. B) Savola Group's internal control systems and procedures were properly developed and effectively executed. C) There are no doubts about the Group's ability to continue its business activities. |
| 22. | There was no recommendation by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject any recommendations regarding the appointment of the Company's external auditor, its dismissal, the determination of its fees, the performance evaluation or the appointment of the internal auditor during the year. |
| 23. | The Company issued during July 2019, Sukuk pursuant to a new Program in an aggregate amount of SAR 1 billion, some were issued for monetary consideration, and some exchanged with the previous Sukuk issued in 2013; while the remainder issued under the previous Program were redeemed on its original maturity date (due in January 2020). |

I-2) Procedure set by the Group to monitor the effectiveness of Savola's CG Code:

- The Group has a Corporate Governance (CG) Manual which was developed and approved for the first time in 2004 and has been updated in line with the CG regulations issued by the CMA and international best practice in CG and transparency. The Company has reviewed and updated its CG framework and policies during 2017-2019 following the issuance of the Corporate Governance Regulations in February 2017 and the amendment issued in 2018, and all updates were approved by the competent administrative bodies, whether the Board of Directors or the General Assembly (where applicable).
- During the year 2023, the company also reviewed and updated its bylaws, charters, and corporate governance policies, in light of the new companies law, which became effective as of January 19, 2023 and the changes were approved by the competent bodies, whether the Board or the Shareholders General Assembly (where applicable).
- The CG Committee role was added to the RNC's responsibilities and duties, and the committee charter was amended accordingly and was approved by the General Assembly. Also, the Board of Directors and the Executive Management monitor the Corporate Governance requirements. In addition, the Compliance Officer has a support team at Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolution regarding CG and submit regular reports to the Board. The Group Board and CEO supervise the overall implementation and development of the governance code in general.
- The Group appoints from time to time CG Expert Firms in order to enhance its CG practices to meet regional and international best practices in this field.
- The Group shares its CG experience with local, regional and international rating agencies and institutions with the objective to identify its strengths and weaknesses and accordingly develop a plan for improvement.
- The Group has disclosed its CG framework and all policies in this respect on its website (www.savola.com).

I-3) What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications:

The Company applies all the provisions of the Corporate Governance Regulations issued by the CMA, except for the following optional items:

| Article/ Clause No. | The Article/Clause | Reasons for not adopting optional items: |
|------------------------------|--|--|
| 1. Article 51 (c) (Optional) | Audit Committee Formation: "The chairman of the audit committee shall be an Independent Director" | The current Chairman of the Audit Committee, Mr. Fahad Abdullah Al Kassim, was an independent member up to June 2022 ; however, his classification was changed to a Non-Executive Director as of 01/07/2022 per Article 19 of CMA Corporate Governance Regulations as he has completed nine years since he joined the Board membership. Mr. Fahad Al Kassim has vast experience in the field of finance, accounting, and auditing. In addition, he has served the longest out of all the Audit Committee members in the committee membership. |
| 2. Article 67 (optional) | Composition of the Risk Management Committee (RMC): "The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance." | There is a Risk Management Committee from Executives at Group level, and its charter was developed and approved, Also, the Committee has assumed its duties in supervising the risk management team. Moreover, there is a risk management department established under the leadership of a specialized Risk Management Officer and the Risk Management policy was approved by the Board. The Risk Management Officer is currently working with the departments, on Group and subsidiaries level, to enhance the role of the current risk department further and carry out the Risk Management role, activities, and procedures. Also, the Company is implementing a Governance, Risk and Compliance system across Savola Group to effectively enhance the participation of the Board and the Executive Management team in the risk management process to ensure a unified vision of the risks faced by the Group and its subsidiaries. The RMC will be formed by the Board after completion of the infrastructure of risk management department and whenever it deems necessary. |
| 3. Article 68 (optional) | Competencies of the Risk Management Committee | The RMC has not been formed due to the above-mentioned reasons in No. (2). |
| 4. Article 69 (optional) | Meetings of the Risk Management Committee: "The Risk Management Committee shall convene periodically at least once every 6 months and as may be necessary." | The RMC has not been formed due to the above-mentioned reasons in No. (2). |
| 5. Article 92 (optional) | Formation of a Corporate Governance Committee: "If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (91) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually." | There is no standalone committee for Corporate Governance, however, to ensure and monitor the implementation of CG requirements, the CG role was added to the RNC responsibilities and duties, and the committee charter was amended and approved by the AGM. Also, the CG requirements are overseen and monitored by the Board of Directors and the top Executive Management, in addition, there is a CG and Compliance Department with qualified team members at the Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions issued regarding CG and submit regular reports to the Board. In addition, the Board and CEO supervise the overall implementation and development of the governance code. |

Audit Committee Report

Savola Group Audit Committee Report for the year ended December 31, 2023.

The Audit Committee of Savola Group was formed, and its charter was adopted by a resolution issued by the general assembly of shareholders considering the regularity requirements. As new companies law enters into force along with its Regulations from 19 January 2023, the Group adapted the new company's law and the necessary amendment concerning the Audit Committee presented and approved by the general assembly of shareholders in the meeting held on 10 May 2023. The amendment was in line with paragraph (H) of article (51) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to resolution no. 8-16-2017 dated 16/5/1438H corresponding to 13/2/2017G, amended by resolution of the Board of the Capital Market Authority resolution no. 8-5-2023 dated 25/6/1444H corresponding to 18/1/2023G.

We are pleased to share with you the Savola Group Audit Committee Report for the year 2023, prepared in line with the requirements of the Companies Law, the Regulations and Rules of the Capital Market Authority and the Committee's charter.

1- Appointment

Savola Group Audit Committee was appointed at the General Assembly Meeting No. (41), held on Monday, 16 May 2022, corresponding to 15 Shawwal 1443H in which the formation of the Audit Committee was approved for the new office term for three years, beginning from 1 October 2022 to 30 September 2025. The appointment includes Mr. Fahad Abdullah Al Kassim (as a Non-executive, Savola Board member), Mr. Mohammed Ibrahim Al Issa (Independent, Savola Board member), Mr. Bader Hamad Al Rabiah (Independent, Savola Board member), Mr. Tareq Abdullah Al-Garaawy (Independent, External Member) and Dr. Jassim Shaheen Al Rumaihi (Independent, External Member). Following the amended corporate governance regulations, the amended committee membership rules and regulations approved by the General Assembly of Shareholders at its meeting on May 10, 2023, apply to the committee members.

2- Meetings

In line with its charter, the Audit Committee will convene periodically based on chairman invitation, at least four times per year, and as may be necessary, and majority attendance of members constitute a quorum whether in person or by proxy. The Committee held six meetings during 2023 and the quorum for each meeting was reached.

3- Savola Group Operating Model

The organizational structure "Operating model" adopted by the Group as a strategic investment holding company reflects the independence of the operational aspects of the Group's subsidiaries. Conversely, all interaction between the Group's Audit Committee on one hand and its subsidiaries' Audit Committees on the other hand are governed by the Group's representation membership at the Audit Committees of the subsidiaries.

4- Audit Committee members' qualifications:

The schedule below describes current and previous positions, qualifications and experience of the Audit Committee members as follows:

| No | Member name | Current positions | Previous positions | Qualifications | Experience |
|----|---|--|---|---|---|
| 1. | Mr. Fahad Abdullah Al Kassim (Committee Chairman) | Current and previous positions, qualifications and experience were mentioned earlier in the Director's Report. | | | |
| 2. | Mr. Mohammed Ibrahim Al Issa | Current and previous positions, qualifications and experience were mentioned earlier in the Director's Report. | | | |
| 3. | Mr. Bader Hamad Al Rabia | Current and previous positions, qualifications and experience were mentioned earlier in the Director's Report. | | | |
| 4. | Mr. Tareq Abdullah Al-Garaawy | He is currently an audit committee member of Savola Foods Company and other several joint stock companies. | Worked in several companies like Idfa Management & Financial Consultants, and Tatweer Buildings Company (TBC). | - Bachelor's Degree in Accountancy from King Saud University, KSA in 1996. - Master's Degree in Accountancy from George Washington University, USA in 2002. - A Certified Management Accountant, and a member of the Institute of Management Accountants (USA) as well as a member of Institute of Internal Auditors. | Has more than 24 years' practical experience in financial, accountancy, compliance and consultancy gained from working with several banks such as, Saudi Investment Bank, Saudi Arabia British Bank and Bank Al-Bilad. |
| 5. | Dr. Jassim Shaheen Al Rumaihi | Retired professor, financial consultant, and dedicated administrative officer | Regional Manager of Arab Open University for East Region, Chief Executive Officer of Razan Cognitive Holding and Saudi Constructing Union Company, Head of the Finance and Administration of Faisal Al Qahtani & sons for Trading & Constriction, and Head of the Accounting and Management Information Systems Department, King Fahd University of Petroleum and Minerals. | Ph. D in Accounting from University of Dundee, UK, master's degree in accounting from the University of Missouri, USA Bachelor's Degree in Accounting from King Saud University, KSA. | Has more than 25 years of academic and practical experience, currently working as a dedicated business consultant in the financial and administration fields, and member of several Boards and remuneration & nomination committees of other companies. |

Audit Committee Report

5- Audit Committee attendance:

The members of the Audit Committee attendance for the meetings of the Audit Committee held during the year 2023 are listed below.

| Sr. | Name | 7 Feb | 26 Mar | 10 May | 18 Jun | 8 Aug | 7 Nov | Total |
|-----|--|-------|--------|--------|--------|-------|-------|--------|
| 1. | Mr. Fahad Abdullah Al Kassim (Chairman) (Non-executive, Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 2. | Mr. Mohammed Ibrahim Al Issa (Independent, Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 3. | Mr. Bader Hamad Al Rabia (Independent, Savola Board member) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 4. | Mr. Tareq Abdullah Al-Garaawy (Independent, External member) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| 5. | Dr. Jassim Shaheen Al Rumaihi (Independent, External member) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |
| - | Mr. Aly Asim Barakat (Committee Secretary) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 of 6 |

6- Audit Committee remuneration for 2023 (Saudi Riyals):

The annual remuneration for the Audit Committee membership consists of a lump sum of SAR 150,000, and an attendance allowance of SAR 5,000 per meeting in accordance with the committee's charter and the remuneration policy approved by the Shareholders General Assembly, the details of which have been disclosed in the Company's Committees's remuneration section previously mentioned in this report.

7- Summary of Audit Committee duties, responsibilities and achievements executed in 2023:

• Financial reporting

- Analyzing and recommending to the Group's Board of Directors the approval of the preliminary quarterly results and year-end consolidated financial statements focusing particularly on the reliability of the information disclosed therein, changes in accounting policy, significant and unusual events, reasonableness of accounting estimates for significant issues, as well as compliance with accounting standards and other legal requirements.

• Internal audit

- Review and approve the Group's internal audit department plan, scope of activities, methodologies and outputs and ensure whether the function has the necessary authority and resources to carry out its work while maintaining its independence.
- Review and assess Savola Group internal audit reports and monitor the tracking and follow-up of procedures implementation determining whether or not appropriate actions are taken in respect of the internal audit recommendations therein.

• External audit

- Review the external auditors service delivery plan, scope of work, the results of the financial audits, the relevant audit reports and verify the independence of the external auditor as well as that it does not provide any work that are beyond its scope of work.
- Ensure that appropriate assistance was given by the Group's executive management team to the external auditors and that no difficulties were encountered during the course of the audit, including any restrictions on the scope of activities or access to required information.
- Providing recommendations to the board to nominate external auditors and determine their remunerations, after verifying their independence and reviewing the scope of their work and the contract terms.

• Related party transactions

- Review the results of external auditors limited review of Savola related party transactions for 2023 included in the related party transactions report prepared by the Board of Directors in relation to the related party transactions executed by the company during the year and provide any recommendation to the Board based on the results, if any.
- Ensure that related party transactions are properly disclosed in the Board of Directors report and audited financial statements.
- Review any new contracts and proposed related party transactions (if applicable), and provide its recommendations to the Board.

• Savola Integrity Hotline

Oversee the Group's whistleblowing reporting facility "Integrity Hotline" which captures and records matters raised by any stakeholders, including the executive management team, senior managers, employees (permanent, temporary and part-time), shareholders, trainers, clients, individuals, agency staff, consultants, suppliers and vendors.

8- Review of internal control producers and its results at the Group:

The executive management of the Group and its subsidiaries certifies on an annual basis their responsibility for establishing and maintaining internal control procedures designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. The reasonable assurance provided by the signed internal control certifications is supported by the results of a questionnaire completed by all heads of functions across the Group & subsidiaries designed in line with the Internal Control-Integrated Framework published by Committee of Sponsoring Organization (COSO) of the Treadway Commission. The signed internal control certificates for 2023 were handed over and filed with the Group's legal counsel.

The Internal Audit Department at the Group and its subsidiaries execute the annual audit plan approved by the Audit Committee at the Group & its subsidiaries to evaluate the existing condition of internal control procedures focusing on the assessment of the control environment, organization's structure, risks, policies and procedures, segregation of duties and information systems. A random sample of activities within the planned audit area is selected to test the effectiveness and efficiency of the design and operation of internal control procedures. All internal control recommendations resulting from the execution of annual audit plans are communicated to concerned management parties and followed-up by internal audit departments at the Group and its subsidiaries to support continuous improvement of the effectiveness of internal control procedures.

The Group's external auditors conducted their audit in accordance with international auditing standards adopted in Saudi Arabia which require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. This resulted in providing an unqualified opinion on the Group's consolidated financial statements for the year ended on December 31, 2023, based on International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Based on the results of the above-mentioned procedures, the Group's Audit Committee believes that reasonable assurance was provided regarding the effectiveness of internal control procedures.

However, we emphasize that due to the geographical spread of the Group's operations locally and regionally we cannot conclude exclusively on the comprehensiveness of the internal control procedures, as these procedures in substance, rely on selecting random samples as above mentioned.

Accordingly, the Audit Committees at the Group and its subsidiaries' efforts are focused continuously to develop and improve the effectiveness and efficiency of the internal control procedures review mechanism in place across the Group and its subsidiaries.

The Audit Committee report was prepared by the AC for the year 2023 in line with the regulatory requirements and the charter of the Committee and will be submitted to the general assembly when the Board of Directors issue its invitation.

5

Financial Statements

In this section

- 116 Independent Auditor's Report on Consolidated Financial Statements
- 120 Consolidated Statement of Financial Position
- 121 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 122 Consolidated Statement of Changes in Equity
- 124 Consolidated Statement of Cash Flows
- 125 Notes to the Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**KPMG Professional Services**

Zahran Business Center
Prince Sultan Street
P.O. Box 55078, Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792
Headquarters in Riyadh

To the Shareholders of Savola Group Company**Opinion**

We have audited the consolidated financial statements of Savola Group Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS as endorsed in KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of non-financial assets

Refer Note 3(b)(ii) for the accounting policy relating to goodwill, Note 3(f) for accounting policy relating to property, plant and equipment, Note 3(g) for the accounting policy relating to intangible assets, Note 3(k) for the accounting policy relating to impairment, Note 3(t) for accounting policy relating to right-of-use assets, Note 4 for the property, plant and equipment disclosure, Note 5 for the right-of-use assets disclosure, Note 6 for the intangible assets and goodwill disclosure and Note 36 for the impairment (reversal) / loss disclosure.

Key audit matter

As at December 31, 2023, the carrying value of intangible assets and goodwill amounted to SR 1,678 million (2022: SR 1,797 million), the carrying value of property, plant and equipment and right-of-use (RoU) assets amounted to SR 6,046 million (2022: SR 5,839 million) and SR 3,040 million (2022: 3,217 million) respectively. Impairment reversal, net recognised on the non-financial assets during the year ended December 31, 2023 amounted to SR 112 million (2022: SR 65 million).

Intangible assets with indefinite useful life and Goodwill are subject to a mandatory annual impairment test and the intangible assets with definite useful life, property, plant and equipment and right-of-use assets are subject to impairment testing where there are internal or external indicators of impairment. The Group reviews the carrying amounts of these non-financial assets to determine whether their carrying values exceed the recoverable amounts, which is the higher of value in use or the fair value less costs to sell. For the purpose of the Group's impairment assessment, management has used the value in use model, to determine the recoverable amount, under which the future cash flows relating to each Cash Generating Unit (CGU) were discounted and compared to their respective carrying amounts. The Group value in use model for the CGUs includes significant judgements and assumptions relating to Cash flow projections, growth and discount rates.

There is uncertainty in estimating the recoverable amount of non-financial assets which principally arises from the inputs used in both forecasting and discounting future cash flows. A combination of the significance of the asset balances and the inherent uncertainty in the assumptions supporting the valuations of non-financial assets, means that an assessment of their carrying value is one of the key judgmental areas.

We considered impairment of non-financial assets that includes intangible assets and goodwill, property, plant and equipment and right of use assets as a key audit matter due to the significant judgment and key assumptions involved in the impairment assessment process.

How the matter was addressed in our audit

We performed the following audit procedures in relation to non-financial assets impairment:

- Obtained an understanding of management's process and the methodology used for the impairment assessment of non-financial assets;
- Tested the accuracy and relevance of the input data used by the management on sample basis in the impairment assessment model by reference to supporting evidence, including budgets, and considered the reasonableness of these budgets by comparing the Group's historical results and performance against budgets;
- Involved our specialists for assessing the reasonableness of value in use calculations and the underlying key management assumptions, including cash flow projections, growth and discount rates;
- Performed sensitivity analysis, over the key assumptions, such as growth rates and discount rates to evaluate the impact on the currently estimated headroom for the respective CGUs; and
- Assessed the adequacy of the disclosures in these consolidated financial statements, including disclosures of key assumptions and judgments.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

To the Shareholders of Savola Group Company continued

Valuation of Inventories

Refer Note 3(j) for the accounting policy on inventories and Note 10 for the inventories disclosure.

Key audit matter

How the matter was addressed in our audit

As at December 31, 2023, the Group's net inventories balance was SR 4,252 million (2022: SR 4,637 million) net of allowance for inventories obsolescence of SR 107 million (2022: SR 196 million).

We performed the following audit procedures in relation to valuation of inventories:

Inventories are stated at the lower of cost and net realizable value and an allowance is made by the Group, where necessary, for obsolete inventories. Management determines the level of obsolescence of inventories by considering their nature, ageing profile, expiry dates and sales expectations using historic trends and other qualitative factors.

- Obtained an understanding of the process around the recognition, subsequent measurement and the valuation of inventories;
- Evaluated the appropriateness of the Group's policy for allowance for inventories obsolescence by performing retrospective testing, comparing historical estimates with actual losses; and current and future expectations with respect to sales;
- Attended periodical physical count of inventories at selected locations on sample basis to identify expired or lost items;
- Tested the net realisable value of finished goods inventories by considering actual sales post year-end and the assumptions used by the management to check whether inventories are valued at the lower of cost and net realisable value;
- Engaged our specialist to review the hedging relationship, monitoring hedge effectiveness and appropriateness of methods for mark-to-market values of derivatives at the reporting date;
- Assessed the adequacy of the disclosures in these consolidated financial statements.

The Group also deals in commodity hedging contracts for its raw sugar inventory. The management accounts for these contracts using the mark-to-market method and reviews the valuation and hedge effectiveness at each reporting period by obtaining broker statements and exchange-quoted price.

We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the level of inventories write down required based on Net Realisable Value (NRV) assessment. Further, the commodity hedging involves the use of complex hedging mechanisms, across multiple hedging strategies and price volatility.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Savola Group Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services



Nasser Ahmed Al Shutairy
License No. 454



Jeddah, March 26, 2024
Corresponding to Ramadan 16, 1445H

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

| | Note | 2023 | 2022 |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Property, plant and equipment | 4 | 6,046,276 | 5,838,918 |
| Right-of-use assets | 5 | 3,040,384 | 3,216,969 |
| Intangible assets and goodwill | 6 | 1,678,552 | 1,797,439 |
| Investment property | 7 | 192,618 | 176,830 |
| Equity-accounted investees | 8 | 9,309,103 | 8,942,646 |
| Investments at fair value through other comprehensive income | 9 | 98,068 | 104,428 |
| Deferred tax asset | 23 | 51,166 | 33,454 |
| Non-current assets | | 20,416,167 | 20,110,684 |
| Inventories | 10 | 4,251,886 | 4,637,024 |
| Derivative | 12 | – | 25 |
| Trade receivables | 11 | 1,752,950 | 1,658,393 |
| Prepayments and other receivables | 12 | 1,567,201 | 1,492,612 |
| Investments at fair value through profit or loss | 9 | 22,871 | 43,448 |
| Term deposits | 13 | 738,395 | 623,074 |
| Cash and cash equivalents | 13 | 1,213,193 | 812,478 |
| Assets classified as held for sale | 20 | – | 186,910 |
| Current assets | | 9,546,496 | 9,453,964 |
| Total Assets | | 29,962,663 | 29,564,648 |
| EQUITY | | | |
| Share capital | 14 | 5,339,807 | 5,339,807 |
| Share premium | | 342,974 | 342,974 |
| Shares held under employees' share based payment plan | 17 | (120,774) | (51,862) |
| Statutory reserve | 15 | 1,774,085 | 1,774,085 |
| General reserve | | 4,000 | 4,000 |
| Other reserves | 16 | (456,513) | (452,731) |
| Effect of transactions with non-controlling interests without change in control | | (220,840) | (187,979) |
| Foreign currency translation reserve | | (2,354,758) | (2,066,346) |
| Retained earnings | | 4,143,441 | 3,552,764 |
| Equity attributable to owners of the Company | | 8,451,422 | 8,254,712 |
| Non-controlling interests | | 1,083,098 | 1,061,981 |
| Total Equity | | 9,534,520 | 9,316,693 |
| LIABILITIES | | | |
| Loans and borrowings | 19 | 4,699,990 | 4,082,213 |
| Lease liabilities | 21 | 3,092,951 | 3,156,281 |
| Employee benefits | 22 | 842,718 | 844,487 |
| Long-term payables | | 224,104 | 258,456 |
| Provision against asset restoration | | 153,541 | 150,903 |
| Deferred tax liability | 23 | 85,675 | 111,153 |
| Non-current liabilities | | 9,098,979 | 8,603,493 |
| Loans and borrowings | 19 | 3,887,714 | 4,062,383 |
| Lease liabilities | 21 | 429,578 | 566,439 |
| Trade payables | 24 | 3,507,964 | 3,893,105 |
| Derivative | 12 | 274,255 | 186,274 |
| Accrued and other liabilities | 25 | 3,229,653 | 2,770,552 |
| Liabilities classified as held for sale | 20 | – | 165,709 |
| Current liabilities | | 11,329,164 | 11,644,462 |
| Total Liabilities | | 20,428,143 | 20,247,955 |
| Total Equity And Liabilities | | 29,962,663 | 29,564,648 |

The notes from 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

| | Note | 2023 | 2022 |
|---|--------|--------------------|--------------|
| REVENUES | 31 | 26,818,317 | 28,054,703 |
| Cost of revenues | 32 | (21,374,973) | (23,180,622) |
| Gross profit | | 5,443,344 | 4,874,081 |
| Share of results in investment in equity-accounted investees, net of zakat and tax | 8.1 | 718,813 | 660,581 |
| Selling and distribution expenses | 33 | (2,987,212) | (2,956,459) |
| Administrative expenses | 34 | (955,427) | (975,492) |
| Impairment reversal, net | 8 & 36 | 111,932 | 65,155 |
| Results from operating activities | | 2,331,450 | 1,667,866 |
| Finance income | | 138,060 | 75,151 |
| Finance cost | | (1,189,202) | (751,527) |
| Net finance cost | 37 | (1,051,142) | (676,376) |
| Gain on sale of assets and liabilities classified as held for sale | 20 | 18,677 | – |
| Gain on sale of investments | 9 | – | 41,871 |
| Profit before zakat and income tax | | 1,298,985 | 1,033,361 |
| Zakat and income tax expense | 26 | (228,509) | (168,476) |
| Profit for the year | | 1,070,476 | 864,885 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Re-measurements of the defined benefit liability | 22 | 43,935 | 39,612 |
| Investments at fair value through other comprehensive income – net change in fair value | 9 | (6,360) | (142,841) |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | |
| Foreign operations - foreign currency translation differences | | (341,815) | (174,494) |
| Investment in equity accounted investees - share of Other Comprehensive Income | 8.1 | 9,696 | (175,507) |
| Cash flow hedges – effective portion of changes in fair value | | (20,003) | (5,550) |
| Other comprehensive loss for the year | | (314,547) | (458,780) |
| Total comprehensive income for the year | | 755,929 | 406,105 |
| Profit attributable to: | | | |
| Owners of the Company | | 899,185 | 742,752 |
| Non-controlling interests | | 171,291 | 122,133 |
| Profit for the year | | 1,070,476 | 864,885 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 645,543 | 293,974 |
| Non-controlling interests | | 110,386 | 112,131 |
| Total comprehensive income for the year | | 755,929 | 406,105 |
| Earnings per share attributable to the Owners of the Company (in Saudi Riyals): | | | |
| Basic | 28 | 1.69 | 1.39 |
| Diluted | 28 | 1.69 | 1.39 |

The notes from 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

| | Equity attributable to the Owners of the Company | | | Equity attributable to the Owners of the Company | | | | | | | | Non-controlling interests | Total equity |
|---|--|---------------|---|--|-----------------|----------------|---|--------------------------------------|-------------------|-----------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Shares held under employees' share based payment plan | Statutory reserve | General reserve | Other reserves | Effect of transactions with non-controlling interests without change in control | Foreign currency translation reserve | Retained earnings | Total | | | |
| Balance at January 1, 2022 | 5,339,807 | 342,974 | (30,433) | 1,774,085 | 4,000 | (104,866) | (187,979) | (1,899,084) | 2,840,089 | 8,078,593 | 1,013,220 | 9,091,813 | |
| Total comprehensive income / (loss) for the year | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | 742,752 | 742,752 | 122,133 | 864,885 | |
| Other comprehensive income / (loss) | - | - | - | - | - | (318,988) | - | (167,262) | 37,472 | (448,778) | (10,002) | (458,780) | |
| | - | - | - | - | - | (318,988) | - | (167,262) | 780,224 | 293,974 | 112,131 | 406,105 | |
| Charge for equity-settled employees' share based payment plan (Note 17) | - | - | - | - | - | 10,219 | - | - | - | 10,219 | 56 | 10,275 | |
| Purchase of shares held under employees' share based payment plan (Note 17) | - | - | (21,429) | - | - | - | - | - | - | (21,429) | - | (21,429) | |
| Dividends (Note 14) | - | - | - | - | - | - | - | - | (106,796) | (106,796) | (63,426) | (170,222) | |
| Transfer of fair value reserve of investments designated at FVOCI | - | - | - | - | - | (39,096) | - | - | 39,096 | - | - | - | |
| Dividend on Treasury Shares | - | - | - | - | - | - | - | - | 151 | 151 | - | 151 | |
| Balance at December 31, 2022 | 5,339,807 | 342,974 | (51,862) | 1,774,085 | 4,000 | (452,731) | (187,979) | (2,066,346) | 3,552,764 | 8,254,712 | 1,061,981 | 9,316,693 | |
| Balance at January 1, 2023 | 5,339,807 | 342,974 | (51,862) | 1,774,085 | 4,000 | (452,731) | (187,979) | (2,066,346) | 3,552,764 | 8,254,712 | 1,061,981 | 9,316,693 | |
| Total comprehensive income / (loss) for the year | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | 899,185 | 899,185 | 171,291 | 1,070,476 | |
| Other comprehensive income / (loss) | - | - | - | - | - | (8,965) | - | (288,412) | 43,735 | (253,642) | (60,905) | (314,547) | |
| | - | - | - | - | - | (8,965) | - | (288,412) | 942,920 | 645,543 | 110,386 | 755,929 | |
| Transaction with non-controlling interest without change in control | - | - | - | - | - | - | (32,861) | - | - | (32,861) | (27,139) | (60,000) | |
| Charge for equity-settled employees' share based payment plan (Note 17) | - | - | - | - | - | 5,183 | - | - | - | 5,183 | (6) | 5,177 | |
| Purchase of shares held under employees' share based payment plan (Note 17) | - | - | (80,000) | - | - | - | - | - | - | (80,000) | - | (80,000) | |
| Dividends (Note 14) | - | - | - | - | - | - | - | - | (352,427) | (352,427) | (62,124) | (414,551) | |
| Dividend on Treasury Shares | - | - | - | - | - | - | - | - | 184 | 184 | - | 184 | |
| Settlement of treasury Shares | - | - | 11,088 | - | - | - | - | - | - | 11,088 | - | 11,088 | |
| Balance at December 31, 2023 | 5,339,807 | 342,974 | (120,774) | 1,774,085 | 4,000 | (456,513) | (220,840) | (2,354,758) | 4,143,441 | 8,451,422 | 1,083,098 | 9,534,520 | |

The notes from 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

| | Note | 2023 | 2022 |
|--|--------|------------------|-------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 1,070,476 | 864,885 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 1,123,106 | 1,063,333 |
| Net finance cost | 37 | 1,051,142 | 710,096 |
| Share of results in investment in equity-accounted investees, net of zakat and tax | 8 | (718,813) | (660,581) |
| Share based payment expense | 17 | 5,177 | 10,275 |
| Impairment reversal, net | 8 & 36 | (111,932) | (65,155) |
| (Gain) / loss on sale of property, plant and equipment and write-off of software | | (17,769) | 33,863 |
| Gain on sale of assets and liabilities classified as held for sale | 20 | (18,677) | - |
| Gain on sale of investments | 9 | - | (41,871) |
| Provision for employee benefits | 22 | 139,177 | 128,352 |
| Zakat and income tax expense | 26 | 228,509 | 168,476 |
| | | 2,750,396 | 2,211,673 |
| Changes in: | | | |
| Inventories | | 87,208 | (1,332,826) |
| Trade receivables | | (239,100) | (209,695) |
| Prepayments and other receivables | | 66,808 | (214,630) |
| Trade payables | | (175,117) | 1,183,412 |
| Accrued and other liabilities | | 133,845 | (35,728) |
| Cash generated from operating activities | | 2,624,040 | 1,602,206 |
| Finance cost paid | | (744,770) | (401,147) |
| Zakat and income tax paid | 26 | (76,931) | (78,404) |
| Employee benefits paid | 22 | (82,370) | (93,235) |
| Net cash generated from operating activities | | 1,719,969 | 1,029,420 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 4 | (890,472) | (823,353) |
| Acquisition of software | 6 | (19,756) | (40,014) |
| Acquisition of investment property | 7 | (5,214) | (572) |
| Proceeds from sale of property, plant and equipment | | 34,129 | 30,575 |
| Acquisition of investments | 9 | - | (28,140) |
| Finance income from bank deposits | | 138,044 | 75,151 |
| Proceeds from sale of investments | 9.4 | - | 459,256 |
| Net proceeds from sale of assets and liabilities classified as held for sale | | 41,403 | - |
| Change in FVTPL investments | | 20,577 | (16,379) |
| Dividends received from equity accounted investments | 8 | 366,746 | 356,827 |
| Net changes in bank deposits with maturity of more than three months | | (181,104) | (104,066) |
| Net cash used in investing activities | | (495,647) | (90,715) |
| Cash flows from financing activities | | | |
| Net change in short term loans and borrowings | | 130,514 | 1,281,959 |
| Proceed from long term loans and borrowings | | 1,154,309 | 813,461 |
| Repayments of long term loans and borrowings | | (582,076) | (1,906,787) |
| Payment of lease liabilities | 21 | (678,800) | (677,348) |
| Transaction with non-controlling interest without change in control | 1 | (60,000) | - |
| Dividends paid to the owners of the Company | | (384,987) | (107,753) |
| Dividend paid to non-controlling interests | | (62,124) | (63,426) |
| Purchase of shares held under employees' share based payment plan | 17 | (80,000) | (21,429) |
| Net cash used in financing activities | | (563,164) | (681,323) |
| Net change in cash and cash equivalents | | 661,158 | 257,382 |
| Effect of movement in exchange rates on cash and cash equivalents | | (129,458) | (175,453) |
| Cash and cash equivalents at beginning of the year | | 600,759 | 518,830 |
| Cash and cash equivalents at December 31 | 13 | 1,132,459 | 600,759 |
| Supplemental schedule of non-cash financial information: | | | |
| Other reserves | | (16,166) | (323,898) |
| Foreign currency translation reserve | | (341,816) | (174,494) |
| Actuarial reserve | 22 | 43,935 | 39,612 |
| Addition to right-of-use assets | 5 | 375,705 | 349,443 |
| Addition to lease liabilities | 21 | 366,652 | 349,218 |

The notes from 1 to 42 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION

Savola Group Company is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030019708 issued in Jeddah on Rajab 21, 1399H (corresponding to June 16, 1979). The Company was formed under the Regulations for Companies in the Kingdom of Saudi Arabia per Royal Decree No. M/21 dated Rabi Al Awal 29, 1398H (March 9, 1978).

The Company's registered office is located at the following address:

Savola Tower,
The Headquarter Business Park,
Prince Faisal Bin Fahad Street,
Jeddah 23511-7333, Kingdom of Saudi Arabia.

These accompanying consolidated financial statements comprise the financial statements of Savola Group Company (the "Company" (or) the "Parent Company") and its local and foreign subsidiaries (collectively referred as the "Group"), involved in the manufacturing and sale of vegetable oils and to set up related industries, retail outlets, dairy products, fast foods, exports and imports, commercial contracting, trade agencies, development of agricultural products and real estate related investment activities.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as the "New Law") came into force on 26/06/1444H (corresponding to January 19, 2023) as well as the amended implementing regulations that were issued by the Capital Market Authority (CMA) based on the New Law. In this regard, the Company after assessing the impact of the New Law, convened an Extraordinary General Assembly meeting on 20/02/1444H (corresponding to May 10, 2023), which has approved the amendment of certain provisions of the Company's By-laws to ensure compliance with the requirements of the new Companies' Law and the amended CMA implementing regulations. Legal formalities associated with the Company's amended By-laws were completed during the second quarter of 2023.

At December 31, 2023, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

I) Direct subsidiaries of the Company**i) Operating subsidiaries**

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|--|--------------------------|--|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Savola Foods Company ("SFC") | Saudi Arabia | Holding company | 100 | 100 |
| Panda Retail Company ("Panda") (Note 1 (III)) | Saudi Arabia | Retail | 100 | 98.87 |
| Good Food Company ("GFC") | Saudi Arabia | Holding company | 100 | 100 |
| Al Matoun International for Real Estate Investment Holding Company | Saudi Arabia | Real Estate | 80 | 80 |
| Herfy Food Services Company ("Herfy") | Saudi Arabia | Restaurant & manufacturing bakery products | 49 | 49 |

The Group considers that it controls Herfy even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Herfy with a 49% equity interest. The remaining 51% of the equity shares in Herfy are widely held by many other shareholders. The Group has the right and power to direct the relevant activities of Herfy as it has the significant majority of equity interests and there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION continued

i) Direct subsidiaries of the Company continued

ii) Holding and Dormant subsidiaries

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|---|--------------------------|-----------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Adeem Arabia Company (Adeem) | Saudi Arabia | Holding company | 100 | 100 |
| Al Utur Arabian Company for Commercial Investment | Saudi Arabia | Holding company | 100 | 100 |
| Al Matana Holding Company | Saudi Arabia | Holding company | 100 | 100 |
| Madarek Investment Company | Jordan | Holding company | 100 | 100 |
| United Properties Development Company | Saudi Arabia | Dormant company | 100 | 100 |

Subsidiaries controlled through Al Matana Holding Company:

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|-------------------------|--------------------------|-----------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| SGC Ventures Limited | Cayman Islands | Holding company | 100 | 100 |
| SGC Marketplace Venture | Cayman Islands | Holding company | 100 | 100 |
| SGC Agritech Ventures | Cayman Islands | Holding company | 100 | 100 |

ii) Savola Foods Company

The Parent Company has a 100% (December 31, 2022: 100%) ownership interest in Savola Foods Company ("SFC"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 5, 1429H (July 8, 2008).

The principal objective of SFC is to deal in wholesale and retail trading of food items. SFC through its direct and indirect subsidiaries is engaged in the manufacturing, processing, marketing and distribution of products including edible oil, pasta, sugar, spices, nuts, pulses, seafood, confectionery, and agro cultivation, in the local and overseas market.

Subsidiaries controlled through Savola Foods Company:

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|---|------------------------------|---|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Afia International Company ("AIC") | Saudi Arabia | Manufacturing of edible oils | 95.19 | 95.19 |
| Savola Industrial Investment Company ("SIIC") | Saudi Arabia | Holding company | 100 | 100 |
| El Maleka for Food Industries Company | Egypt | Manufacturing of pasta | 100 | 100 |
| International Foods Industries Company ("IFI") | Saudi Arabia | Manufacturing of specialty fats | 100 | 100 |
| Snacking and Ingredients Food Holding Company Limited ("SIFCO") | UAE | Holding Company | 100 | 100 |
| Commodities Sourcing Company for Trading | Saudi Arabia | Trading Company | 100 | 100 |
| Seafood International Two FZCO | UAE | Seafood products trading and distribution | 100 | 100 |
| Savola Industrial Sustainable Development Company | Saudi Arabia | Renewable energy | 100 | - |
| Savola Foods Emerging Markets Company Limited | British Virgin Islands (BVI) | Holding company | 95.43 | 95.43 |
| Savola Foods for Sugar Company | Cayman Islands | Dormant company | 95 | 95 |
| Savola Foods Company International Limited | United Arab Emirates (UAE) | Holding company | 100 | 100 |
| Seafood International Holdco | Cayman Islands | Holding company | 100 | 100 |
| Al Maoun International Holding Company | Saudi Arabia | Holding company | 100 | 100 |
| Marasina International Real Estate Investment Limited | Saudi Arabia | Holding company | 100 | 100 |
| Afia Arabia for Foods | Saudi Arabia | Holding company | 100 | 100 |

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|------------------------|--------------------------|-----------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| SIFCO | | | | |
| Bayara Holding Limited | Cayman Islands | Holding company | 100 | 100 |
| Bayara FZE Limited | UAE | Holding Company | 100 | 100 |
| Savola Snacks * | Egypt | Manufacturing of snacks | 99 | 99 |

* The Group's subsidiary, Savola Snacks entered into an Asset Purchase Agreement (APA) dated May 17, 2022, to acquire property, plant and equipment in Egypt against a total consideration of EGP 622 million. In this regard, the consideration amount was transferred to an escrow account on April 5, 2022, by the Group. During 2023, certain assets were further acquired under the APA and transferred to Savola Snacks and accordingly payment in full was released to the seller. Hence, the APA and escrow stands completed as at the reporting date.

a) Subsidiaries controlled through Afia International Company:

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|---|--------------------------|---|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| SBeC | | | | |
| Savola Behshahr Company ("SBeC") | Iran | Holding company | 90 | 90 |
| KUGU Gida Yatum Ve Ticaret A.S ("KUGU") | Turkey | Holding company | 100 | 100 |
| Savola Foods Limited ("SFL") | BVI | Holding company | 100 | 100 |
| Inveskz Inc. | BVI | Dormant company | 90 | 90 |
| Aseel Food – Hold Co. | Cayman Islands | Holding company | 100 | 100 |
| Malintra Holdings | Luxembourg | Dormant company | 100 | 100 |
| Afia International Company – Jordan (under liquidation) | Jordan | Dormant company | 98.57 | 98.57 |
| Afia Trading International | BVI | Dormant company | 100 | 100 |
| Savola Foods International | BVI | Dormant company | 100 | 100 |
| SBeC | | | | |
| Behshahr Industrial Company (BIC) | Iran | Manufacturing of edible oils | 79.9 | 79.9 |
| Tolue Pakshe Aftab Company | Iran | Trading and distribution | 100 | 100 |
| Savola Behshahr Sugar Company | Iran | Trading and distribution | 100 | 100 |
| Notrika Golden Wheat Company | Iran | Manufacturing of Food and confectionery | 100 | 90 |

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|---|--------------------------|---|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Behshahr Industrial Company | | | | |
| Mahsoolat Daryae Ta'm Afarin Saba Company (Sahel) | Iran | Seafood products trading and distribution | 100 | 100 |
| SFL | | | | |
| Afia International Company, Egypt ("AICE") | Egypt | Manufacturing of edible oils | 99.95 | 99.95 |
| AICE | | | | |
| Savola For Export and Import | Egypt | Trading and distribution | 49 | 49 |
| KUGU | | | | |
| Savola Gida Sanayi Ve Ticaret Anonim Şirketi | Turkey | Manufacturing of edible oils | 100 | 100 |

b) Subsidiaries controlled through Savola Industrial Investment Company:

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|--|--------------------------|-----------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| United Sugar Company ("USC") | Saudi Arabia | Manufacturing of sugar | 74.48 | 74.48 |
| USC | | | | |
| Alexandria Sugar Company, Egypt ("ASCE")* | Egypt | Manufacturing of sugar | 62.13 | 62.13 |
| Beet Sugar Industries | Cayman Islands | Dormant company | 100 | 100 |
| ASCE | | | | |
| Alexandria United Company for Land Reclamation | Egypt | Agro cultivation | 100 | 100 |

* The Group's effective ownership interest in ASCE is 71.66% (December 31, 2022: 71.66%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION continued**II) Savola Foods Company** continued**c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:**

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|--|--------------------------|------------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Afia International Company – Algeria | Algeria | Manufacturing of edible oils | 100 | 100 |
| Savola Edible Oils (Sudan) Limited | Sudan | Manufacturing of edible oils | 100 | 100 |
| Savola Morocco Company (Refer Note 20) | Morocco | Manufacturing of edible oils | – | 100 |

d) Subsidiaries controlled through Savola Foods Company International Limited:

| | | | | |
|---|----------------|------------------------|-----|-----|
| Modern Behtaam Royan Kaveh Company | Iran | Food and confectionery | 100 | 100 |
| Middle East Technology Ventures Limited | Cayman Islands | Holding Company | 100 | 100 |

e) Subsidiaries controlled through Al Maoun and Marasina

| | | | | |
|---------------------|-----|--------------------------|-----|-----|
| Alofog Trading DMCC | UAE | Trading and distribution | 100 | 100 |
|---------------------|-----|--------------------------|-----|-----|

f) Subsidiaries controlled through Seafood International Two FZCO

| | | | | |
|--------------------------------|-----|-------------------------------|----|----|
| Seafood International One FZCO | UAE | Seafood products distribution | 80 | 80 |
|--------------------------------|-----|-------------------------------|----|----|

g) Subsidiaries controlled through Bayara Holding Limited

| | | | | |
|---------------------------|-----|---------------------|-----|-----|
| Kamali Investment Limited | UAE | Holding Company | 100 | 100 |
| Kandoo Worldwide Limited | BVI | Managing trademarks | 100 | 100 |

h) Subsidiaries controlled through Bayara FZE

| | | | | |
|--|--------------|---------------------------------------|-----|-----|
| GYMA Food Industries LLC | UAE | Processing of spices, nuts and pulses | 100 | 100 |
| Bayara Saudi Arabia Limited Group | Saudi Arabia | Processing of spices, nuts and pulses | 100 | 100 |
| GYMA Trading LLC | UAE | Trading of spices, nuts and pulses | 100 | – |
| Profood Holdings Limited (under liquidation) | UAE | Dormant company | 100 | 100 |

III) Panda Retail Company

The Parent Company has a 100% (December 31, 2022: 98.87%) ownership interest in Panda Retail Company (“Panda”), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 235/G dated Rajab 22, 1431H (July 3, 2010). Prior to its conversion to a closed joint stock company, Panda was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010137417 issued in Riyadh on Rabi-ul-Awal 1, 1416H (July 28, 1995).

Panda together with its subsidiaries is principally engaged in wholesale and retail trading in food supplies and consumable materials. Panda Group operates through its network of hypermarkets and supermarkets.

During 2023, the Group entered into a share purchase agreement with Saudi Geant Company Limited (“the Seller”) to acquire the Seller’s minority interest of 1.13% in Panda Retail Company in exchange for consideration amounting to SR 60 million, resulting in increase in Group’s ownership interest in Panda to 100%. The transaction was classified as an acquisition without change in control and the resulting adjustment amounting to SR 32.86 million was recorded in equity under “Effect of transactions with non-controlling interests without change in control”.

Thereafter, on December 19, 2023, the shareholders of Panda resolved in the Extraordinary General Assembly Meeting, to decrease the share capital of the Panda by SR 695 million to absorb its accumulated losses followed by capital injection of SR 800 million by the shareholders. The legal formalities in this regard were completed on December 27, 2023.

Subsidiaries controlled through Panda:

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|---|--------------------------|-----------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Giant Stores Trading Company (Giant) | Saudi Arabia | Retail | 100 | 100 |
| Panda for Operations, Maintenance and Contracting Services | Saudi Arabia | Services and maintenance | 100 | 100 |
| Panda International for Retail Trading | Egypt | Retail | 100 | 100 |
| Atabet Al Bab Communications and Information Technology LLC | Saudi Arabia | E-commerce | 100 | 100 |
| Panda Bakeries Company | Saudi Arabia | Dormant company | 100 | 100 |
| Giant | | | | |
| Lebanese Sweets and Bakeries | Saudi Arabia | Dormant company | 95 | 95 |

IV) Good Food Company

The Parent Company has a 100% (December 31, 2022: 100%) ownership interest in Good Food Company (“GFC”), which was incorporated as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030603674 issued in Jeddah on Rabi-ul-Thani 21, 1439H (January 8, 2018).

GFC through its direct and indirect subsidiaries is principally engaged in the processing, wholesale, retail and distribution of frozen food and seafood in the local and overseas markets.

Subsidiaries controlled through GFC (collectively referred to as “Al Kabeer Group of companies”):

| Subsidiary name | Country of incorporation | Principal business activity | Ownership interest (%) | |
|--------------------------------------|--------------------------|------------------------------|------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| Variety Food Factory Company | Saudi Arabia | Manufacturing of frozen food | 51 | 51 |
| Al Ahsan Trading Company | Saudi Arabia | Trading and distribution | 51 | 51 |
| Al Helal Imports and Exports Company | Bahrain | Trading and distribution | 51 | 51 |
| Al Kabeer Holding Limited | UAE | Holding Company | 51 | 51 |
| Sahar Enterprises Company* | UAE | Trading and distribution | – | 51 |
| Sahar Food Industry Company* | UAE | Manufacturing of frozen food | – | 51 |
| Best Foodstuff Trading Company* | UAE | Trading and distribution | – | 51 |

Subsidiaries controlled through Al Kabeer Holding Limited

| | | | | |
|--|------|------------------------------|-----|-----|
| Sahar Enterprises Company* | UAE | Trading and distribution | 100 | – |
| Sahar Food Industry Company* | UAE | Manufacturing of frozen food | 100 | – |
| Best Foodstuff Trading Company* | UAE | Trading and distribution | 100 | – |
| Cascade Investments Limited (CIL) | UAE | Investment company | 100 | 100 |
| Cascade Marine Foods Company | UAE | Manufacturing frozen food | 100 | 100 |
| Al Sabah Foodstuff Enterprises Company | UAE | Trading and distribution | 100 | 100 |
| Best Foods Company | Oman | Trading and distribution | 100 | 100 |

* On December 31, 2023 the entire shares of these companies were fully transferred to Al Kabeer Holding. Accordingly, the Group’s effective ownership in these entities remains unchanged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA ("IFRS").

i) Accounting convention / Basis of Measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for investments classified as fair value through other comprehensive income ("FVOCI"), investments classified as fair value through profit or loss ("FVTPL"), firm commitments and inventory under fair value hedging relationship, derivative financial instruments and employee benefits which are recognised at the present value of future obligation using the Projected Unit Credit Method. Certain comparative amounts have been reclassified to conform to the current year's presentation.

ii) Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR) which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

b) Critical accounting estimates and judgments

The preparation of these consolidated financial statements 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 estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following notes:

- i) Note 3(b)(i) - whether the Group exercises control over an investee
- ii) Note 3(b)(iii) - classification of equity accounted investees
- iii) Note 3(c)(iv) - application of hedge accounting
- iv) Note 3(i) - determining the fair value less cost to sell of the assets classified as held for sale
- v) Note 3(t) - lease classification

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements, are described below:

i) Impairment of financial assets

The implementation of business model approach under IFRS 9 require judgement to ensure that financial assets of the Group are classified into the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows. Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy or has failed on the repayments of principal and interest. In other circumstances, the Group uses judgment in order to determine whether a financial asset may be impaired using Expected Credit Loss ("ECL") model. The Group uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. In addition, Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current and forecast information.

ii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to sales. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in product offerings of those products.

iii) Useful lives of property, plant and equipment, investment properties and intangible assets

The management determines the estimated useful lives of property, plant and equipment, investment property and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charges are adjusted where management believes the useful lives differ from previous estimates.

iv) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment and when circumstances indicate that the carrying value may be impaired.

For 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 Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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 amortisation, if no impairment loss had been recognised.

v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in Note 22 to these financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern for the foreseeable future and is satisfied that it has the resources to discharge its liabilities including the mandatory repayment of loans and borrowings. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Management believes that the repayment of the liabilities will be met out of operating and investing cash flows. Further, the Group has unused bank financing facilities to manage the short term and the long-term liquidity requirements, as disclosed in Note 38.

Based on these factors, the financial statements continue to be prepared on the going concern basis.

vii) Other assumptions

Information about other assumptions and estimation uncertainties is included in the following notes:

- i) Note 3(c) & 38- measurement of fair values
- ii) Note 3(j) - allowance for inventory losses
- iii) Note 3(k) - impairment in financial and non-financial assets
- iv) Note 3(l) - provision against assets restoration
- v) Note 3(m) - measurement of defined benefit obligations

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

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

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any significant changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain limited instances.

a) Share based payments arrangements

Equity-settled share-based payment

The grant-date fair value of equity-settled share-based payment plan granted to employees is recognised as an expense on a straight-line basis in the statement of profit or loss, with a corresponding increase in equity as 'Other reserves', over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash-settled share-based payment

The fair value of the amount payable to employees in respect of cash-settled share-based payment arrangement is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the award. Any changes in the liability are recognised in profit or loss.

b) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions from entities under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

Subsidiaries used same accounting policies and financial reporting periods.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non-controlling interest without change in control".

ii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment loss on goodwill is not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss incurred.

iii) Interests in equity-accounted investees

The Group's interests in equity accounted investees comprise of interests in associates and joint ventures.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method (equity-accounted investees). They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income ("OCI") of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the investment carrying amount is reduced to nil and recognition of further losses is continued when the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the underlying assets / liabilities to the extent of the Group's interest in the investee.

Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising on equity accounted investees are recognized in the profit or loss.

iv) Non-controlling interests

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal / acquisition of non-controlling interests are also recorded in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES *continued*

c) Financial instruments

i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortised cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

Financial assets – Subsequent measurement and gains and losses

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss as well.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Derivatives

Derivative financial instruments and hedge accounting

The Group holds financial instruments to hedge its commodity price related exposures. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge, together with the methods that will be used to assess the effectiveness of the hedging relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES continued

c) Financial instruments continued

iv) Derivatives continued

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range as per risk management policy. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI and accumulated in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are reclassified to gain or loss in the periods when the hedged item affects gain or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of commodity value is recognized in the consolidated statement of profit or loss within ‘Cost of revenues’.

However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset (for example, inventory), the amounts accumulated in equity are transferred from the equity and included in the initial measurement of the cost. The accumulated amounts are ultimately recognized in cost of revenues for inventory.

When a hedging instrument expires, is terminated, is sold or is exercised, or when a hedge no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. When the hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the equity remains in equity and is recognized when the forecast transaction is ultimately recognized in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss within “Finance income or Finance cost”.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging commodity (raw sugar) value risk. The gain or loss relating to the effective portion of the hedging transaction is recognized in the profit or loss within “cost of revenue”. The gain or loss relating to the ineffective portion is recognized in the profit or loss within “Finance income or Finance cost”. Changes in the fair value of the hedge futures are recognized in the consolidated statement of profit or loss within ‘Cost of revenues’.

Other derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in the consolidated statement of profit or loss within “Finance income or Finance cost”.

v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vi) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less and excludes bank overdrafts which are available to the Group without any restrictions that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

d) Segment reporting

An operating segment is a component:

- i) engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group’s other components;
- ii) the results of its operations are continuously analysed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment; and
- iii) for which financial information is discretely available.

Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. For further details of reportable operating segments of Group please refer to Note 30.

e) Foreign currency translations

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing at the dates of the respective transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of equity instruments classified as FVOCI, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ii) Foreign operations

The assets and liabilities of foreign operations, with the exception of economies under hyperinflation, including goodwill and fair value adjustments arising on acquisition, are translated at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Saudi Riyals at exchange rates at average exchange rates.

Foreign currency differences arising on foreign operations are recognized in other comprehensive income and accumulated in the “Foreign currency translation reserve”, except to the extent that the translation difference is allocated to non-controlling interest.

Dividends received from foreign associate are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of profit or loss and other comprehensive income.

When a foreign operation is disposed of, the relevant amount in the Foreign Currency Translation Reserve (“CTR”) is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the foreign currency translation differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES continued**e) Foreign currency translations** continued**iii) Hyperinflationary economies**

When the economy of a country in which the Group operates is deemed hyperinflationary and the functional currency of a Group entity is the local currency of that hyperinflationary economy, the financial statements of such Group entities are adjusted so that they are stated in terms of the measuring unit currency at the end of the reporting period. This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period and, restatement of non-monetary items in the consolidated statement of financial position, such as property, plant and equipment and inventories, to reflect current purchasing power as at the year-end using a general price index from the date when they were first recognized. The gain or loss on the net monetary position is included in finance costs or income for the year. Comparative amounts are not adjusted. When the economy of a country, in which the Group operates, is no more deemed a hyperinflationary economy, the Group ceases application of hyperinflationary economies accounting at the end of the reporting period that is immediately prior to the period in which hyperinflation ceases. The amounts in the Group's consolidated financial statements as at that date are considered as the carrying amounts for the subsequent consolidated financial statements of the Group. For the purpose of consolidation of foreign components operating in hyperinflation economies; items of statements of financial position and profit or loss are translated at the closing rate.

f) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets 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 borrowing costs on qualifying assets.

When significant 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized, on net basis, in statement of profit or loss and other comprehensive income.

The cost of replacing a part 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 Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets for current and comparative year is as follow:

| | Years |
|--------------------------------|-----------|
| Buildings | 12.5 - 50 |
| Leasehold improvements | 3 - 33 |
| Plant and equipment | 3 - 30 |
| Furniture and office equipment | 3 - 16 |
| Vehicles | 4 - 10 |

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer to policy on impairment of non-financial assets note 3(k)(ii).

g) Intangible assets

Intangible assets, other than goodwill and brand, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss.

The estimated useful lives of assets for current and comparative year is as follow:

| | Years |
|----------------------|---------|
| Software | 3 - 10 |
| Customer List | 18 - 28 |
| Distribution Network | 25 |

Brand is initially measured at cost. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group and is therefore considered to have an indefinite useful life.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since it most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Intangible assets acquired by the Group that have indefinite useful lives are measured at cost less accumulated impairment loss. The useful life of such assets is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. These are reviewed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and accumulated impairment loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost subsequently.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of individual items of investment property. The estimated useful lives of investment properties for current and comparative year is as follows:

| | Years |
|-----------|-------|
| Buildings | 20-33 |

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of investment property, please refer to policy on impairment of non-financial assets Note 3(k)(ii).

i) Assets classified as 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.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in the profit or loss.

Once classified as held-for-sale, intangible assets, investment property and property and equipment are no longer amortised or depreciated, and any investment in associate is no longer equity accounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES continued**j) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. In case of retail business, cost of inventory is net of rebates and commercial income which is based on the contractual terms specified in the agreements with suppliers.

Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Further, inventory may also include gain and losses transferred from marked to market of firm commitment due to fair value hedge accounting and fair valuation impact of inventory price risk being hedged under fair value hedge.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete and defective stocks.

k) Impairment**i) Financial assets****Financial instruments and contract assets**

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

For trade receivables and other financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The loss allowance is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For bank balances in which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, the ECL is measured at 12-month ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Allowances for expected credit loss against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than 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 the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (the "cash-generating unit, or CGU"). Impairment exists when the carrying value of an asset or CGU exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using applicable discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment loss is recognized in profit or loss. Impairment loss recognized in respect of CGUs is allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortisation, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

l) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using applicable rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Group records provision for decommissioning costs of manufacturing facility and restoration of leasehold improvements. Such costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a rate that reflects the current market assessments of the time value of money and risks specific to the related liability. The unwinding of the discount is expensed as incurred and recognized in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES *continued***m) Employees' end of service benefits***Defined benefit plan*

The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

n) Shares held under employees' share based payment plan

Own equity instruments that are reacquired, for discharging obligations under Employees Long Term Incentive Program ("Plan"), are recognised at cost and presented as a deduction from equity and are adjusted for any transaction costs, dividends and gains or losses on sale of such shares. No gain or loss is recognised in the Consolidated Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in Equity.

o) Revenues recognition

Revenue is measured based on the consideration, to which the Group expects to be entitled to, specified in a contract with a customer and is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue from sale of goods

Revenue from sale of goods is recognised in the statement of profit or loss when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Variable consideration

Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the committed amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Rental income

The Group leases out various shops situated within its supermarkets and hypermarkets under operating lease agreements. Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

p) Zakat and taxes

The Company and its subsidiaries are subject to zakat and income tax in accordance with the regulations of The Zakat, Tax and Customs Authority ("ZATCA") (previously known as General Authority of Zakat and Income Tax). Company's zakat and its share in zakat of subsidiaries are charged to the consolidated statement of profit or loss and other comprehensive income. Zakat and income tax attributable to other Saudi and foreign shareholders of the consolidated subsidiaries are charged to non-controlling interest in the accompanying consolidated statement of financial position. Additional zakat and income tax liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized. The Company and its Saudi Arabian subsidiaries withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations. Foreign subsidiaries are subject to zakat and income taxes in their respective countries of domicile. Such zakat and income taxes are charged to consolidated statement of profit or loss under zakat and income tax expense.

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current and deferred tax assets and liabilities are offset only if certain criteria are met.

q) Finance income and finance cost

Finance income includes gains on the derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss and other comprehensive income on the date that the Group's right to receive payment is established.

Finance costs comprise of financial charges on borrowings including sukuks and unwinding of the discount on provisions and losses on derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

r) Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors.

s) Expenses

Selling and distribution expenses and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Selling and distribution expenses are those arising from the Group's efforts underlying the selling and distribution functions. All other expenses are classified as administrative expenses. Allocation of common expense between cost of revenues and selling and distribution and administrative expenses, when required, are made on consistent basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES continued

t) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value (USD 5,000 or less). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

4. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Leasehold improvements | Plant and equipment | Furniture and office equipment | Vehicles | Construction work in progress (CWIP) | Total |
|--|------------------|--------------------|------------------------|---------------------|--------------------------------|------------------|--------------------------------------|--------------------|
| Cost | | | | | | | | |
| Balance at January 1, 2022 | 1,427,560 | 2,747,177 | 1,545,355 | 3,035,813 | 2,710,776 | 499,797 | 510,869 | 12,477,347 |
| Additions | 7,682 | 2,144 | 4,646 | 23,265 | 17,195 | 5,455 | 762,966 | 823,353 |
| Disposals / write-off / reversals | (13,528) | 1,461 | (43,406) | (10,601) | (399,895) | (38,383) | (406) | (504,758) |
| Transfer from CWIP | 30,806 | 144,995 | 123,884 | 110,951 | 113,048 | 13,593 | (537,277) | – |
| Hyperinflation adjustment | 7,215 | 6,166 | 83 | 109,985 | 2,244 | 574 | 6,508 | 132,775 |
| Effect of movement in exchange rate | (27,075) | (49,712) | (14,081) | (291,716) | (28,117) | (10,276) | (57,257) | (478,234) |
| Transfer to assets classified as held for sale (Note 20) | (4,605) | (17,837) | – | (83,683) | (1,641) | – | (466) | (108,232) |
| Transfer to intangible assets (Note 6) | – | – | – | – | – | – | (17,969) | (17,969) |
| Transfer to Investment Properties (Note 7) | (35,069) | (78,769) | – | – | – | – | – | (113,838) |
| Balance at December 31, 2022 | 1,392,986 | 2,755,625 | 1,616,481 | 2,894,014 | 2,413,610 | 470,760 | 666,968 | 12,210,444 |
| Balance at January 1, 2023 | 1,392,986 | 2,755,625 | 1,616,481 | 2,894,014 | 2,413,610 | 470,760 | 666,968 | 12,210,444 |
| Additions | 9,153 | 31,944 | 105 | 31,588 | 36,502 | 14,773 | 766,407 | 890,472 |
| Disposals / write-off / reversals | (13,824) | (14,867) | (46,968) | (14,066) | (130,903) | (17,741) | (766) | (239,135) |
| Transfer from CWIP | 65 | 50,526 | 229,983 | 222,829 | 379,148 | 9,668 | (892,219) | – |
| Hyperinflation adjustment | (3,426) | (1,178) | (959) | (95,163) | (1,817) | (511) | (3,671) | (106,725) |
| Effect of movement in exchange rate | (2,981) | (36,690) | (1,754) | (139,079) | (15,552) | (5,108) | (24,363) | (225,527) |
| Transfer (to) /from investment properties (Note 7) | (2,665) | (9,671) | – | 152 | 45 | – | – | (12,139) |
| Balance at December 31, 2023 | 1,379,308 | 2,775,689 | 1,796,888 | 2,900,275 | 2,681,033 | 471,841 | 512,356 | 12,517,390 |
| Accumulated depreciation / impairment loss | | | | | | | | |
| Balance at January 1, 2022 | (160,892) | (1,153,848) | (1,021,740) | (1,511,099) | (2,338,865) | (418,439) | – | (6,604,883) |
| Depreciation for the year | – | (118,417) | (80,662) | (187,316) | (129,255) | (24,121) | – | (539,771) |
| Disposals / write-off / reversals | – | (6,054) | 37,825 | 6,012 | 388,653 | 37,222 | – | 463,658 |
| Impairment reversal / (loss) (Note 36) | 43,360 | 4,131 | 8,559 | (3,469) | 2,710 | 212 | – | 55,503 |
| Transfer to assets classified as held for sale (Note 20) | – | 14,730 | – | 57,228 | 1,531 | – | – | 73,489 |
| Hyperinflation adjustment | – | (889) | (16) | (20,583) | (634) | (126) | – | (22,248) |
| Effect of movement in exchange rate | – | 26,581 | 5,735 | 150,493 | 18,903 | 1,014 | – | 202,726 |
| Balance at December 31, 2022 | (117,532) | (1,233,766) | (1,050,299) | (1,508,734) | (2,056,957) | (404,238) | – | (6,371,526) |
| Balance at January 1, 2023 | (117,532) | (1,233,766) | (1,050,299) | (1,508,734) | (2,056,957) | (404,238) | – | (6,371,526) |
| Depreciation for the year | – | (108,366) | (92,430) | (197,643) | (170,916) | (19,183) | – | (588,538) |
| Disposals / write-off / reversals | – | 13,183 | 37,976 | 13,362 | 123,317 | 17,539 | – | 205,377 |
| Impairment reversal / (loss) (Note 36) | 37,291 | 2,686 | 1,400 | 149,149 | (2,077) | (246) | (4,596) | 183,607 |
| Hyperinflation adjustment | – | (461) | (8) | (16,167) | (563) | (95) | – | (17,294) |
| Effect of movement in exchange rate | – | 14,044 | 1,299 | 92,002 | 8,969 | 946 | – | 117,260 |
| Balance at December 31, 2023 | (80,241) | (1,312,680) | (1,102,062) | (1,468,031) | (2,098,227) | (405,277) | (4,596) | (6,471,114) |
| December 31, 2022 | 1,275,454 | 1,521,859 | 566,182 | 1,385,280 | 356,653 | 66,522 | 666,968 | 5,838,918 |
| December 31, 2023 | 1,299,067 | 1,463,009 | 694,826 | 1,432,244 | 582,806 | 66,564 | 507,760 | 6,046,276 |

a) Capital work in progress relates to the construction and upgrade of supermarkets and hyper markets and upgrading and enhancing the production and logistic facilities of certain subsidiaries. Also refer Note 19.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

5. RIGHT-OF-USE ASSETS

The movement of right-of-use assets is as follows:

| | Land | Buildings | Plant and equipment | Vehicles | Total |
|--|------------------|--------------------|---------------------|-----------------|--------------------|
| Cost | | | | | |
| Balance as at January 1, 2022 | 846,181 | 4,073,550 | 7,113 | 95,242 | 5,022,086 |
| Assets classified as held for sale (Note 20) | – | – | – | (4,463) | (4,463) |
| Addition during the year | 50,810 | 288,969 | 11 | 9,653 | 349,443 |
| Leases termination / modification | 33,082 | (53,382) | – | (2,461) | (22,761) |
| Effect of movement in exchange rate | (8,755) | (5,538) | (21) | (1,578) | (15,892) |
| Balance at December 31, 2022 | 921,318 | 4,303,599 | 7,103 | 96,393 | 5,328,413 |
| Balance as at January 1, 2023 | 921,318 | 4,303,599 | 7,103 | 96,393 | 5,328,413 |
| Addition during the year | 48,990 | 310,738 | – | 15,977 | 375,705 |
| Leases termination / modification | (27,683) | (119,050) | – | (5,424) | (152,157) |
| Effect of movement in exchange rate | (1,585) | (5,426) | – | (4,540) | (11,551) |
| Balance at December 31, 2023 | 941,040 | 4,489,861 | 7,103 | 102,406 | 5,540,410 |
| Accumulated depreciation | | | | | |
| Balance at January 1, 2022 | (195,996) | (1,459,573) | (1,360) | (51,930) | (1,708,859) |
| Assets classified as held for sale (Note 20) | – | – | – | 2,847 | 2,847 |
| Depreciation for the year | (67,220) | (391,718) | (517) | (19,551) | (479,006) |
| Leases termination / modification | 6,089 | 23,521 | – | 439 | 30,049 |
| Impairment reversal / (loss) (Note 36) | (996) | 38,803 | – | – | 37,807 |
| Effect of movement in exchange rate | 1,969 | 2,697 | 12 | 1,040 | 5,718 |
| Balance at December 31, 2022 | (256,154) | (1,786,270) | (1,865) | (67,155) | (2,111,444) |
| Balance at January 1, 2023 | (256,154) | (1,786,270) | (1,865) | (67,155) | (2,111,444) |
| Depreciation for the year | (71,681) | (396,023) | (474) | (21,583) | (489,761) |
| Leases termination / modification | 24,739 | 63,509 | – | 4,037 | 92,285 |
| Impairment reversal / (loss) (Note 36) | 4,061 | 369 | – | – | 4,430 |
| Effect of movement in exchange rate | 987 | 130 | – | 3,347 | 4,464 |
| Balance at December 31, 2023 | (298,048) | (2,118,285) | (2,339) | (81,354) | (2,500,026) |
| Carrying amounts | | | | | |
| December 31, 2022 | 665,164 | 2,517,329 | 5,238 | 29,238 | 3,216,969 |
| December 31, 2023 | 642,992 | 2,371,576 | 4,764 | 21,052 | 3,040,384 |

6. INTANGIBLE ASSETS AND GOODWILL

6.1 The movement of intangible assets and goodwill is as follows:

| | Goodwill | Brands with indefinite useful life | Software | Customer list | Distribution network | Total |
|--|------------------|------------------------------------|------------------|-----------------|----------------------|------------------|
| Cost | | | | | | |
| Balance as at January 1, 2022 | 988,976 | 574,071 | 389,605 | 130,311 | 8,480 | 2,091,443 |
| Additions | – | – | 40,014 | – | – | 40,014 |
| Reclassification from property, plant and equipment (Note 4) | – | – | 17,969 | – | – | 17,969 |
| Disposals / write-off | – | – | (23,880) | – | – | (23,880) |
| Effect of movement in exchange rate | (44,077) | – | (2,241) | – | – | (46,318) |
| Adjustments under PPA | 54,000 | (93,800) | – | 39,800 | – | – |
| Balance at December 31, 2022 | 998,899 | 480,271 | 421,467 | 170,111 | 8,480 | 2,079,228 |
| Balance as at January 1, 2023 | 998,899 | 480,271 | 421,467 | 170,111 | 8,480 | 2,079,228 |
| Additions | – | – | 19,756 | – | – | 19,756 |
| Disposals / write-off | – | – | (106,386) | – | – | (106,386) |
| Effect of movement in exchange rate | (15,992) | – | (2,240) | – | – | (18,232) |
| Balance at December 31, 2023 | 982,907 | 480,271 | 332,597 | 170,111 | 8,480 | 1,974,366 |
| Accumulated Depreciation | | | | | | |
| Balance at January 1, 2022 | (13,162) | – | (214,365) | (5,402) | (678) | (233,607) |
| Amortisation for the year | – | – | (26,195) | (12,302) | (339) | (38,836) |
| Disposals / write-off | – | – | 543 | – | – | 543 |
| Impairment (loss) / reversal during the year (Note 36) | (12,711) | – | 1,473 | – | – | (11,238) |
| Effect of movement in exchange rate | – | – | 1,349 | – | – | 1,349 |
| Balance at December 31, 2022 | (25,873) | – | (237,195) | (17,704) | (1,017) | (281,789) |
| Balance at January 1, 2023 | (25,873) | – | (237,195) | (17,704) | (1,017) | (281,789) |
| Amortisation for the year | – | – | (24,771) | (13,275) | (678) | (38,724) |
| Disposals / write-off | – | – | 97,347 | – | – | 97,347 |
| Impairment (loss) / reversal during the year (Note 36) | (75,000) | – | 533 | – | – | (74,467) |
| Effect of movement in exchange rate | – | – | 1,819 | – | – | 1,819 |
| Balance at December 31, 2023 | (100,873) | – | (162,267) | (30,979) | (1,695) | (295,814) |
| Carrying amounts | | | | | | |
| December 31, 2022 | 973,026 | 480,271 | 184,272 | 152,407 | 7,463 | 1,797,439 |
| December 31, 2023 | 882,034 | 480,271 | 170,330 | 139,132 | 6,785 | 1,678,552 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

6. INTANGIBLE ASSETS AND GOODWILL continued

6.2 The carrying values of goodwill, after foreign currency translation adjustments, comprises the following:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|----------------------|----------------------|
| Bayara Holding Limited (Note 6) | 455,721 | 530,721 |
| Savola Industrial Investment Company | 145,664 | 145,664 |
| Giant Stores Trading Company | 95,209 | 95,209 |
| Afia International Company | 84,016 | 84,016 |
| El Maleka for Food Industries Company | 35,095 | 43,922 |
| Herfy Foods Services Company | 25,330 | 25,330 |
| Afia International Company, Egypt | 14,374 | 17,991 |
| United Sugar Company | 14,912 | 14,912 |
| KUGU Gida Yatum Ve Ticaret A.S | 5,147 | 7,554 |
| Seafood International HoldCo | 3,341 | 3,341 |
| Notrika Golden Wheat Company | 1,750 | 2,370 |
| Behshahr Industrial Company | 1,475 | 1,996 |
| | 882,034 | 973,026 |

The Group has reviewed the carrying amounts of goodwill to determine whether the carrying values exceeds the recoverable amounts. For the 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 CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using the growth rates, applicable discount rates and a terminal value percentages. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

The calculation of value-in-use is most sensitive to the following assumptions:

a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business. The management has used the Weighted Average Cost of Capital (WACC) to determine the cost of capital rate. The cost of equity has been computed through the Capital Asset Pricing Model.

The following discount rates have been used which are based on the WACC of respective CGUs:

| | Discount Rate % | | Terminal growth rate % | |
|---------------------------------------|-----------------|------|------------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Savola Industrial Investment Company | 13.5 | 10.5 | 2.1 | 4.6 |
| United Sugar Company | 13.5 | 10.5 | 2.1 | 4.6 |
| Afia International Company | 13.5 | 12.5 | 2.1 | 3.6 |
| El Maleka for Food Industries Company | 23.4 | 17.5 | 8.1 | 7.7 |
| KUGU Gida Yatum Ve Ticaret A.S. | 22.1 | 20.5 | 3.2 | 9.0 |
| Afia International Company Egypt | 24.3 | 21.5 | 8.1 | 5.3 |
| Notrika Golden Wheat Company | 38.5 | 32.5 | 26.6 | 21.7 |
| Beshar Industrial Company | 38.5 | 34.5 | 26.6 | 21.7 |
| Seafood International HoldCo | 41.5 | 29.5 | 26.6 | 21.7 |
| Bayara Holding Limited | 12.2 | 12.2 | 2.1 | 4.3 |
| Giant Stores Trading Company | 12.5 | 12.3 | 2.0 | 2.0 |

b) Key commercial assumptions

The valuation is based on the key commercial assumptions that revenue forecast and contribution margins in the products of the CGUs would be achieved.

As at December 31, 2023, there was headroom available aggregating to SR 3,079 million (2022: SR 3,853.3 million) between the recoverable amount and the carrying value of above CGUs, therefore, no impairment loss was recognised in these consolidated financial statements except for Bayara Holding Limited amounting to SR 75 million.

The following table shows the key mutually exclusive assumptions that would reduce the estimated recoverable values to the carrying amounts:

| | Discount rate % | Average EBITDA growth rate % |
|---------------------------------------|-----------------|------------------------------|
| SIIC / United Sugar Company | 26.5 | (16.8) |
| Afia International Company | 5.0 | (6.5) |
| El Maleka for Food Industries Company | 0.7 | (1.1) |
| KUGU Gida Yatum Ve Ticaret A.S. | 5.63 | (6.6) |
| Afia International Company Egypt | 25.7 | (17.9) |
| Notrika Golden Wheat Company | 24.0 | (68.1) |
| Beshar Industrial Company | 7.0 | (27.3) |
| Sahel (Seafood) | 6.0 | (31.8) |
| Bayara Holding Company | - | - |
| Giant Stores Trading Company | 34.5 | 1.6 |

7. INVESTMENT PROPERTY

| | 2023 | 2022 |
|--|-----------------|-----------------|
| Cost | | |
| Balance at beginning of year | 233,609 | 119,199 |
| Additions | 5,214 | 572 |
| Transfer from Property, plant and equipment (Note 4) | 12,139 | 113,838 |
| Finance cost capitalized during the year | 4,518 | - |
| Balance at end of year | 255,480 | 233,609 |
| Accumulated depreciation and impairment | | |
| Balance at beginning of year | (56,779) | (51,059) |
| Depreciation during the year | (6,083) | (5,720) |
| Balance at end of year | (62,862) | (56,779) |
| Carrying amounts | 192,618 | 176,830 |

7.1 As at December 31, 2023, the investment property includes a property from the Food Services segment having a fair value of SR 247 million (December 31, 2022: SR 211 million). The fair value has been determined by an external independent property valuer using future discounted cashflows approach which is third level of fair value. The valuer is certified by TAQEEM (Saudi Authority for Accredited Valuers) and has recent experience in location and the category of property being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

8. EQUITY-ACCOUNTED INVESTEEES

The details of the Group's investment in equity-accounted investees are as follows:

| Name | Relationship | Principal business sector | Country of incorporation | Ownership interest (%) | | December 31, | |
|---|--------------|---------------------------|--------------------------|------------------------|-------|------------------|-----------|
| | | | | 2023 | 2022 | 2023 | 2022 |
| Almarai Company ("Almarai") | Associate | Fresh food products | Saudi Arabia | 34.52 | 34.52 | 8,770,990 | 8,387,491 |
| Kinan International for Real Estate Development Company ("Kinan") | Associate | Real Estate | Saudi Arabia | 29.9 | 29.9 | 396,592 | 356,764 |
| United Sugar Company, Egypt ("USCE") (Note 8.4) | Associate | Sugar Manufacturing | Egypt | 33.82 | 33.82 | 128,475 | 185,345 |
| Intaj Capital Limited ("Intaj") | Associate | Fund management | Republic of Tunisia | 49 | 49 | 13,046 | 13,046 |
| | | | | | | 9,309,103 | 8,942,646 |

8.1 Movement in the investment in equity-accounted investees is as follows:

| | 2023 | 2022 |
|---|------------------|-----------|
| Balance at beginning of year | 8,942,646 | 8,986,236 |
| Share in net income, net of zakat and tax | 718,813 | 660,581 |
| Share in reserves | 9,696 | (175,507) |
| Dividends | (366,746) | (356,827) |
| Impairment loss (Note 8.4) | (1,638) | (16,917) |
| Other adjustment / (disposal) | 6,332 | (154,920) |
| Balance at end of year | 9,309,103 | 8,942,646 |

8.2 The following table summarizes the financial information of significant equity-accounted investees:

| | Almarai | | Kinan | | USCE | |
|---|-------------------|------------|------------------|-----------|------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Percentage ownership interest | 34.52 | 34.52 | 29.9 | 29.9 | 33.82 | 33.82 |
| Non-current assets | 24,738,944 | 23,947,662 | 1,204,837 | 2,221,683 | 313,683 | 255,521 |
| Current assets | 11,455,071 | 8,126,308 | 1,894,293 | 743,746 | 912,058 | 894,257 |
| Non-current liabilities | 10,198,501 | 10,007,653 | 589,800 | 559,891 | 13,144 | 11,678 |
| Current liabilities | 8,186,689 | 5,083,452 | 398,719 | 422,255 | 780,858 | 569,198 |
| Net assets attributable to shareholders (100%) | 17,797,719 | 16,671,360 | 1,883,097 | 1,749,895 | 431,739 | 568,902 |
| Group's share of net assets | 6,143,773 | 5,754,953 | 563,046 | 523,219 | 146,014 | 192,403 |
| Carrying amount of interest in associates | 8,770,990 | 8,387,491 | 396,592 | 356,764 | 128,475 | 185,345 |
| Revenue | 19,575,585 | 18,722,258 | 542,334 | 647,846 | 1,664,421 | 1,774,224 |
| Profit / (loss) from attributable to shareholders (100%) | 2,049,123 | 1,759,812 | 207,982 | 272,704 | (99,999) | (43,161) |
| Other comprehensive income / (loss) attributable to shareholders (100%) | (249,137) | (74,451) | (2,780) | (2,602) | (32,741) | (18,506) |
| Total comprehensive income attributable to shareholders | 1,799,986 | 1,685,361 | 205,202 | 270,102 | (132,740) | (61,667) |
| Group's share of profit and total comprehensive income | 728,717 | 439,345 | 61,356 | 80,761 | (56,870) | (25,321) |
| Dividends received by the Group | 345,218 | 345,218 | 21,528 | 11,609 | - | - |

8.3 As at December 31, 2023, the fair value of Almarai based on quoted market price amounted to SR 19.3 billion (December 31, 2022: SR 18.5 billion).**8.4** During the year ended December 31, 2023, the Group has adjusted the carrying value of its investment in USCE based on its fair value and recorded an impairment charge amounting to SR 1.6 million (December 31, 2022: SR 16.9 million). The fair value is assessed using income approach under "IFRS 13 – Fair value measurement". The significant assumptions used are as follows:

| | 2023 | 2022 |
|-----------------------|--------------|-------|
| EBITDA margin | 4.2% | 3.9% |
| Long term growth rate | 4.2% | 4.1% |
| Discount rate | 15.5% | 13.5% |

- If forecast EBITDA margins decrease by 25 bps (average 3.98% over FY24-FY28), the value will decline by SR 7.8 million.
- If the discount rate increases by 50 bps, the value will decline by SR 3.9 million: and
- If the long-term rate growth rate decreases by 25 bps, the value will decline by SR 1.0 million.

9. INVESTMENTS

Investments comprise the following:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Investments at fair value through other comprehensive income (Note 9.1) | 98,068 | 104,428 |
| Investments at fair value through profit or loss | 22,871 | 43,448 |

9.1 Investments held at fair value through other comprehensive income:

| | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Quoted investments (Note 9.3) | 57,780 | 55,871 |
| Unquoted investments | 40,288 | 48,557 |
| | 98,068 | 104,428 |

9.2 Movement in the FVOCI investments is as follows:

| | 2023 | 2022 |
|--|----------------|-----------|
| Balance at beginning of year | 104,428 | 475,425 |
| Additions during the year | - | 28,140 |
| Disposal (Note 9.4) | - | (256,296) |
| Fair value reserves adjustment (Note 16) | (6,360) | (142,841) |
| Balance at end of year | 98,068 | 104,428 |

9.3 The Group has applied an appropriate market participant discount factor in valuing one of its quoted investment due to the security-specific restrictions on disposal. Accordingly, the investment has been classified as level 2 securities.**9.4** During the year 2022, the Group had entered into an agreement with Taiba Investment Company for sale of its investments in Knowledge Economic City Company (KEC) and Knowledge Economic City Developers Company Limited (KECD). The sale transaction was completed on December 29, 2022 and generated cash proceeds amounting to SR 459 million, resulting in a gain of SR 39 million (related to KEC), recorded in the consolidated statement of other comprehensive income, and a gain of SR 41.9 million (related to KECD), recorded in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

10. INVENTORIES

| | December 31, 2023 | December 31, 2022 |
|----------------------------------|----------------------|----------------------|
| Finished products | 2,211,445 | 2,046,971 |
| Raw and packing materials | 1,253,901 | 1,859,009 |
| Work in process | 74,726 | 88,777 |
| Spare parts and supplies | 278,184 | 236,694 |
| Goods in transit | 540,966 | 601,246 |
| | 4,359,222 | 4,832,697 |
| Less: Provision for obsolescence | (107,336) | (195,673) |
| | 4,251,886 | 4,637,024 |

Inventories have been reduced by SR 161.5 million (December 31, 2022: SR 177.9 million) as a result of the write-down to net realizable value. Also refer Note 19.4.

Raw materials include raw sugar having cost of SR 200.2 million (December 31, 2022: SR 98.6 million) which are held under a fair value hedge relationship. As at December 31, 2023, the fair value of these raw sugar amounts to SR 156.4 million (December 31, 2022: SR 107.7 million).

11. TRADE RECEIVABLES

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Trade receivables | 1,924,403 | 1,810,109 |
| Less: Allowance for expected credit losses | (187,699) | (166,072) |
| | 1,736,704 | 1,644,037 |
| Due from related parties (Note 29) | 16,246 | 14,356 |
| | 1,752,950 | 1,658,393 |

Following is the movement of allowance for expected credit losses:

| | 2023 | 2022 |
|--|-----------------|----------------|
| Balance at beginning of year | 166,072 | 150,365 |
| Transfer to assets classified as held for sale | – | (7,294) |
| Impairment loss for the year - net | 48,566 | 32,798 |
| Currency translation | (26,939) | (9,797) |
| Balance at end of year | 187,699 | 166,072 |

12. PREPAYMENTS AND OTHER RECEIVABLES

| | Note | December 31, 2023 | December 31, 2022 |
|--|------|----------------------|----------------------|
| Advances to vendors | | 374,779 | 452,344 |
| Positive fair value of derivatives | 12.3 | 299,786 | 73,222 |
| Prepaid expenses | | 241,580 | 244,468 |
| Receivable from government authorities | 12.1 | 167,881 | 394,602 |
| Change in fair value of hedged item | | 111,391 | 6,945 |
| Due from related parties | 29 | 90,751 | 31,732 |
| Employee loans and advances | | 60,953 | 65,911 |
| Non-trade receivable | 12.2 | 43,909 | 43,909 |
| Prepaid rent | | 22,265 | 19,821 |
| Refundable deposits | | 15,895 | 5,709 |
| Unclaimed dividends | | 2,706 | 36,761 |
| Others | | 135,305 | 117,188 |
| | | 1,567,201 | 1,492,612 |

12.1 Receivable from government authorities mainly includes claims of certain subsidiaries on account of subsidies, value added and other taxes.

12.2 This represents non-trade related balances with shareholder of a subsidiary.

12.3 Derivatives:

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Derivatives – current assets (classified under Prepayments and other receivables) | | |
| Future exchange commodity contracts | 299,786 | 73,222 |
| Derivatives | | |
| Call option (Note 'a') | – | 25 |
| Derivatives – current liabilities (classified under Accrued and other liabilities) | | |
| Future exchange commodity contracts (Note 'b') | 246,536 | 116,701 |
| Derivatives | | |
| Put option (Note 'a') | 274,255 | 186,274 |

In the ordinary course of business, the Group utilizes the following derivative financial instruments for both hedging and other purposes:

a) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at a fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

b) Futures

Futures are contractual agreements to either buy or sell a specified commodity or financial instrument at a specified price and date in the future. Futures are transacted in standardized amounts on regulated exchanges.

The Group entered into call and put option agreement with European Bank for Reconstruction and Development ("EBRD") during March 2016, in relation to transaction for disposal of stake in USCE. As per the agreement, the option can be exercised as follows:

The agreement contains Put and Call options option, which entitles EBRD to sell USCE shares to the former shareholders at the agreed price during the period stipulated in the agreement. As per the agreement, the option can be exercised as follows:

- Call option: The Group has the right to deliver a call notice to EBRD to purchase all the shares held by EBRD in USCE from the fourth anniversary of the subscription date and ending 6.5 years after the subscription date; and
- Put option: EBRD has the right to deliver a put notice to the Group to sell all the shares held by EBRD in USCE commencing on 1 July and ending on the seventh anniversary of the subscription date.
- On February 22, 2023, the Group has signed an addendum with EBRD where the right to exercise call option has ended.

Subsequent to year end, the Group has signed an addendum with EBRD where the right to exercise put option period has replaced to commencing on (and including) April 1, 2024 and ending on (and including) April 15, 2024.

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the valuation of derivative financial instruments by the amounts shown below:

| | 2023 | | | |
|------------|---------------|----------|-----------------------|----------|
| | Fair Value 5% | | Risk free rate 20 bps | |
| | Increase | Decrease | Increase | Decrease |
| Put Option | 5,193 | (5,193) | 20 | (20) |

12.4 Derivatives held for other purposes

Derivatives used for other purposes is for positioning, arbitrage and short-term profit making purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. PREPAYMENTS AND OTHER RECEIVABLES continued**12.5** Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (see Note 38 - credit risk, market risk and liquidity risk). Part of the risk management process involves managing the Group's exposure to fluctuations in inventory prices and interest rates to reduce its exposure to inventory and interest rate risks to acceptable levels as determined by the Board of Directors.

The Board of Directors have established levels of inventory risk by setting limits on counterparty and commodity derivative exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. The Board of Directors established the level of interest rate risk by setting limits on interest rate gaps for stipulated periods.

The Group uses commodity futures to hedge against inventory price risk on raw sugar, the fair value risk on the firm commitments for sale of refined sugar and the forecast transactions. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument, are documented and the transactions are accounted for as fair value hedge.

| December 31, 2023 | Positive fair value | Negative fair value | Notional amount by term to maturity | | | | |
|---------------------------------|---------------------|---------------------|-------------------------------------|-----------------|-------------|-----------|--------------|
| | | | Notional amount | Within 3 months | 3-12 months | 1-5 years | Over 5 years |
| Held as fair value hedge | | | | | | | |
| Commodity futures | 117,563 | (111,486) | 1,648,456 | 1,335,364 | 310,410 | 2,682 | - |
| Held as cash flow hedge | | | | | | | |
| Commodity futures | 47,040 | (75,913) | 1,070,753 | 260,641 | 791,180 | 18,932 | - |
| Held as others | | | | | | | |
| Commodity futures | 135,183 | (59,137) | 1,545,780 | 907,882 | 637,898 | - | - |
| Put Option | - | 274,255 | 274,255 | 69,741 | 204,514 | - | - |

| December 31, 2022 | Positive fair value | Negative fair value | Notional amount by term to maturity | | | | |
|---------------------------------|---------------------|---------------------|-------------------------------------|-----------------|-------------|-----------|--------------|
| | | | Notional amount | Within 3 months | 3-12 months | 1-5 years | Over 5 years |
| Held as fair value hedge | | | | | | | |
| Commodity futures | 41,099 | 23,003 | 565,475 | 453,009 | 112,376 | - | - |
| Held as cash flow hedge | | | | | | | |
| Commodity futures | 32,123 | 40,239 | 1,174,515 | 580,666 | 594,450 | - | - |
| Held as others | | | | | | | |
| Commodity futures | - | (53,459) | 454,411 | - | 454,411 | - | - |
| Call options | 25 | - | 25 | - | 25 | - | - |
| Put Option | - | 186,274 | 186,274 | - | 186,274 | - | - |

All of the Group's Commodity derivatives are entered into with the global commodity exchanges and are mainly carried out by SFC's commodity risk control function.

The Group is exposed to variability in future special commission cash flows on sukuks that carries interest at a variable rate.

Movements in the other reserve of cash flow hedges:

| | 2023 | 2022 |
|--|-----------------|----------------|
| Balance at beginning of year | (5,667) | (2,493) |
| Gain on changes in fair value recognized directly in equity, net | (14,742) | (3,174) |
| Balance at end of year | (20,409) | (5,667) |

13. CASH AND CASH EQUIVALENTS

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Cash in hand | 43,795 | 24,441 |
| Cash at bank- current account | 743,688 | 766,342 |
| Cash and bank balances | 787,483 | 790,783 |
| Deposits with maturity less than three months | 425,710 | 21,695 |
| Cash and cash equivalents presented in statement of financial position | 1,213,193 | 812,478 |
| Bank overdrafts | (80,734) | (211,719) |
| Cash and cash equivalents for cash flow purposes | 1,132,459 | 600,759 |
| Term deposits (Note 13.1) | 738,395 | 623,074 |

13.1 Term deposits are deposits with commercial banks, with an original maturity of more than three months and yield commission income at prevailing market rates. The management expects to realize these deposits within 12 months from the reporting date.

14. SHARE CAPITAL AND DIVIDEND DECLARATION

At December 31, 2023 and December 31, 2022, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

On May 10, 2023, the Company's shareholders in their Extraordinary General Assembly Meeting approved dividends to the Shareholders for the year ended December 31, 2022 with a total amount of SR 352.4 million at SR 0.66 per share.

Subsequent to the year ended December 31, 2023, the Group's Board has recommended to increase the share capital by SR 6 billion through right issue of shares. Further, the Board has also recommended the distribution of Group's entire shareholding in Almarai Company to the shareholders of the Group, subject to securing necessary approvals.

15. STATUTORY RESERVE

In accordance with the Company's amended by-laws (refer Note 1), it is not required to set aside a statutory reserve. Nevertheless, the Ordinary General Assembly may, when determining dividends from the net profit, decide to allocate reserves in the amount that serves the Company's interests or ensure distribution of stable profits as much as possible to the shareholders. For this reason, the statutory reserve appearing in these consolidated financial statements is the previous statutory reserve of the Company, that was required as per the old Companies' Law. This reserve can be utilized for the benefit of the Company or its shareholders, upon a recommendation by the Board of Directors to the Ordinary General Assembly as per the Company's amended By-laws.

16. OTHER RESERVES

Other reserves include share of reserve of equity-accounted investees, FVOCI investments and cash flow hedge.

Movement in other reserves is as follows:

| | Note | 2023 | 2022 |
|--|------|------------------|------------------|
| Balance at beginning of year | | (452,731) | (104,866) |
| Share in changes in other reserve of equity accounted investees | | 12,137 | (172,973) |
| Fair value adjustment from FVOCI investments | 9 | (6,360) | (142,841) |
| Fair value adjustment from derivative financial instruments relating to the effective portion of cash flow hedge | 12 | (14,742) | (3,174) |
| Charge for equity-settled employees' share based payment plan | | 5,183 | 10,219 |
| Transfer of fair value reserve of investments designated at FVOCI | | - | (39,096) |
| Balance at end of year | | (456,513) | (452,731) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

17. SHARE BASED PAYMENT PLAN

On April 29, 2020, the shareholders of the Company approved the Employees Long Term Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Group (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of restricted share units (each unit equal to the value of one share of the Company at the Grant date), following the satisfaction of service condition.

Significant features of the Plans are as follows:

| Grant date / employees entitled | Total number of shares granted | | Service / vesting period | Fair value per share on grant date |
|---------------------------------|--------------------------------|------------------------|--------------------------|------------------------------------|
| | Key Management Personnel | Other Senior Employees | | |
| September 10, 2023 | 170,586 | 529,590 | 3 years | SR 34.8 |
| September 10, 2022 | 182,017 | 463,532 | 3 years | SR 31.2 |
| September 10, 2021 | 135,185 | 268,462 | 3 years | SR 39.25 |
| September 10, 2020 | 71,034 | 270,641 | 3 years | SR 49.0 |

Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

The total expense recognised for employees' services received during the period ended December 31, 2023, under the Plan amounted to SR 5.2 million (December 31, 2022: SR 10.3 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the consolidated statement of changes in equity under the 'Other reserves'.

During the period ended December 31, 2023, the September 10, 2020 Plan is vested resulting in vesting of 229,479 shares, while 112,196 shares were forfeited due to non-completion of service condition.

During the period ended December 31, 2023, the Group purchased 2,182,858 (December 31, 2022:637,955) treasury shares amounting to SR 80 million (December 31, 2022: SR 21.4 million) in connection with the Plan. This includes shares funded by certain subsidiaries that are held by the Company until the fulfilment of vesting period.

As at December 31, 2023, the number of shares to be vested are 1,530,797 (December 31, 2022: 1,166,407), after forfeiture of 218,575 shares (December 31, 2022: 205,705 shares) due to the non-completion of service condition of certain employees.

18. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that has significant / material Non-Controlling Interests ("NCI"), before any intra group eliminations:

| December 31, 2023 | SFC | Herfy | GFC |
|---|------------------|------------------|----------------|
| Non-current assets | 3,451,695 | 1,555,109 | 548,368 |
| Current assets | 6,805,514 | 351,562 | 529,873 |
| Non-current liabilities | 1,568,649 | 614,048 | 122,271 |
| Current liabilities | 6,336,940 | 259,147 | 689,801 |
| Net assets (100%) | 2,351,620 | 1,033,476 | 266,169 |
| Carrying amount of NCI | 351,394 | 527,314 | 220,459 |
| Revenue | 15,065,334 | 1,173,696 | 714,072 |
| Net profit | 580,618 | 8,386 | 58,150 |
| Other Comprehensive Income / (Loss) ("OCI") | (364,371) | 878 | (1,168) |
| Total comprehensive income (100%) | 216,247 | 9,264 | 56,982 |
| Profit allocated to NCI | 147,990 | 4,277 | 34,260 |
| Total comprehensive income allocated to NCI | 68,257 | 4,725 | 33,688 |
| Cash flow from operating activities | 1,229,131 | 190,465 | 88,195 |
| Cash flow from investing activities | (123,406) | (46,019) | (28,860) |
| Cash flow from financing activities | (471,979) | (149,634) | (22,920) |
| Dividends paid to NCI | (38,281) | (16,493) | (7,350) |

| December 31, 2022 | SFC | Herfy | GFC |
|---|------------------|------------------|----------------|
| Non-current assets | 3,709,695 | 1,597,110 | 504,076 |
| Current assets | 6,806,802 | 397,390 | 471,153 |
| Non-current liabilities | 1,670,856 | 651,252 | 611,465 |
| Current liabilities | 6,421,987 | 286,695 | 115,229 |
| Net assets (100%) | 2,423,654 | 1,056,553 | 248,535 |
| Carrying amount of NCI | 321,418 | 539,082 | 194,121 |
| Revenue | 16,440,803 | 1,243,838 | 670,009 |
| Net Profit / (Loss) | 499,732 | (1,064) | 23,168 |
| Other Comprehensive Income / (Loss) ("OCI") | (191,089) | 9,408 | (2,991) |
| Total comprehensive income (100%) | 308,643 | 8,344 | 20,177 |
| Profit / (Loss) allocated to NCI | 94,838 | (543) | 30,285 |
| Total comprehensive income allocated to NCI | 81,106 | 4,255 | (1,466) |
| Cash flow from operating activities | 446,347 | 250,790 | (55,476) |
| Cash flow from investing activities | (293,145) | (129,815) | (12,428) |
| Cash flow from financing activities | 228,487 | (131,164) | (28,222) |
| Dividend Paid to NCI | (34,562) | - | (28,865) |

19. LOANS AND BORROWINGS

The following information reflects the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Non-current liabilities | | |
| Secured bank loans | - | 14,845 |
| Unsecured bond issues (Sukuk) (Note 19.2) | 1,000,000 | 1,000,000 |
| Unsecured bank loans | 3,699,990 | 3,067,368 |
| | 4,699,990 | 4,082,213 |
| Current liabilities | | |
| Current portion of secured bank loans | 11,862 | 29,691 |
| Current portion of unsecured bank loans | 375,796 | 415,886 |
| Secured bank loans | 43,103 | 141,873 |
| Unsecured bank loans | 3,376,219 | 3,263,214 |
| Bank overdrafts | 80,734 | 211,719 |
| | 3,887,714 | 4,062,383 |
| | 8,587,704 | 8,144,596 |

Geographical analysis of loans and borrowings is as follows:

| Location | Long term loans | | Short term Loan | | Total loans and borrowings | |
|--------------|------------------|------------------|------------------|------------------|----------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Saudi Arabia | 5,017,000 | 4,407,113 | 2,595,155 | 2,108,001 | 7,612,155 | 6,515,114 |
| Egypt | 15,586 | 120,677 | 312,808 | 286,053 | 328,394 | 406,730 |
| Algeria | - | - | 55,239 | 253,807 | 55,239 | 253,807 |
| Turkey | - | - | 169,090 | 245,230 | 169,090 | 245,230 |
| Iran | - | - | 242,602 | 492,501 | 242,602 | 492,501 |
| UAE | 55,062 | - | 88,527 | 115,085 | 143,589 | 115,085 |
| Sudan | - | - | 36,635 | 116,129 | 36,635 | 116,129 |
| | 5,087,648 | 4,527,790 | 3,500,056 | 3,616,806 | 8,587,704 | 8,144,596 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

19. LOANS AND BOROWINGS *continued*

19.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at December 31, 2023, loans and borrowings include sharia-compliant financing facilities amounting to SR 8.2 billion (December 31, 2022: SR 7.2 billion).

19.2 On July 9, 2019, the Group completed the offering of Sukuk, under the new program, with a total value of SR 1 billion with a tenor of 7 years and carrying an expected variable return to the Sukuk-holders of 6 months SIBOR plus 1.60% payable semi-annually. The Sukuk will mature on July 9, 2026. The issuance included SR 507 million of the previous Sukuk, that have been redeemed and exchanged to new program.

19.3 Property, plant and equipment amounting to SR 128.3 million (December 31, 2022: SR 147.5 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

19.4 Inventories amounting to SR 24.4 million (December 31, 2022: SR 74.3 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

20. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the year ended December 31, 2022, the Group decided to divest its interest in Savola Morocco Company and United Edible Oils Holding Limited in food processing segment, which were presented as 'held for sale'. Details of assets and liabilities held for sale are as follows:

| | December 31, 2022 |
|---|-------------------|
| Assets classified as held for sale, relating to | |
| - Savola Morocco Company | 186,910 |
| - United Edible Oils Holding Limited | - |
| | 186,910 |
| Liabilities associated with assets held for sale, relating to | |
| - Savola Morocco Company | 162,635 |
| - United Edible Oils Holding Limited (Note 20.2) | 3,074 |
| | 165,709 |

20.1 In this respect, the Company signed a Share Purchase Agreement (SPA) dated November 10, 2022 to sell the Company's interest in Savola Morocco Company. During the year, all legal formalities for the sale of Savola Morocco Company were completed and the net consideration of SR 41.4 million was received against net carrying amount and transaction charges of SR 22.9 million, resulting in a gain on disposal amounting to SR 18.5 million.

The net loss relating to these business disposal groups amounted to SR 12.3 million for the year ended December 31, 2022.

The carrying amounts of assets and liabilities of Savola Morocco Company as at the date of sale were as follows:

| | |
|---|------------------|
| Current assets | 200,037 |
| Non-current assets | 36,355 |
| Current liabilities | (213,879) |
| Non-current liabilities | (779) |
| Carrying amount of assets and liabilities | 21,734 |

20.2 United Edible Oils Holding Limited had excess of loss over cost of investment and was accordingly included in liabilities amounting to SR 3.07 million for the year ended December 31, 2022.

During the year ended December 31, 2023, the Group sold its investment in United Edible Oils Holding Limited under a SPA dated November 20, 2023. As of December 31, 2023, all legal formalities for the sale were completed, resulting in a gain on disposal amounting to SR 0.2 million.

21. LEASE LIABILITIES

| | 2023 | 2022 |
|---|------------------|-----------|
| Balance at beginning of year | 3,722,720 | 3,856,998 |
| Transfer to liabilities classified as held for sale (Note 20) | - | (1,669) |
| Addition during the year | 366,652 | 349,218 |
| Lease terminated / modified during the year | (75,641) | (43,742) |
| Interest expense for the year (Note 37) | 197,443 | 253,881 |
| Payments during the year | (678,800) | (677,348) |
| Currency translation | (9,845) | (14,618) |
| Balance at end of year | 3,522,529 | 3,722,720 |

21.1 Lease liabilities have been presented in the consolidated statement of financial position as follows:

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Lease liabilities – non-current portion | 3,092,951 | 3,156,281 |
| Lease liabilities – current portion | 429,578 | 566,439 |
| | 3,522,529 | 3,722,720 |

22. EMPLOYEE BENEFITS**General Description of the plan**

The Group operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labour law and in accordance with the local statutory requirements of the foreign subsidiaries.

The amount recognized in the consolidated statement of financial position is determined as follows:

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Present value of defined benefit obligation | 842,718 | 844,487 |

An independent actuarial exercise has been conducted as at December 31, 2023 and December 31, 2022 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Labour Laws of respective jurisdictions by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

Movement in net defined benefit liability

Net defined benefit liability comprises only of defined benefit plans.

The movement in the defined benefit obligation during the year is as follows:

| | 2023 | 2022 |
|---|-----------------|----------|
| Balance at beginning of year | 844,487 | 857,358 |
| <i>Included in profit or loss</i> | | |
| Current service cost | 100,080 | 101,538 |
| Interest cost | 39,097 | 26,814 |
| | 139,177 | 128,352 |
| <i>Included in other comprehensive income</i> | | |
| Re-measurement gain: | | |
| Actuarial (gain) / loss arising from: | | |
| Financial assumptions | (38,342) | (63,662) |
| Experience adjustment | (5,593) | 24,050 |
| Actuarial gain | (43,935) | (39,612) |
| Effect of movement in exchange rates | (14,641) | (8,376) |
| Benefits paid | (82,370) | (93,235) |
| Balance at end of year | 842,718 | 844,487 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

22. EMPLOYEE BENEFITS continued**Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date:

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Discount rate | 4.10% - 19.75% | 4.40% - 18% |
| Future salary growth / Expected rate of salary increase | 4.56% - 40% | 2.40% - 22% |
| Mortality rate | 0.10% - 0.38% | 0.10% - 0.20% |
| Employee turnover / withdrawal rates | 5.80% - 13.79% | 2.86% - 19% |
| Retirement age | 60 years | 60 years |

The weighted average duration of the defined benefit obligation ranges between 5.2 to 21 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | December 31, 2023 | | December 31, 2022 | |
|------------------------------------|-------------------|----------|-------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (58,742) | 67,430 | (70,460) | 82,091 |
| Future salary growth (1% movement) | 69,187 | (61,498) | 83,728 | (67,303) |
| Withdrawal rates (10% movement) | (5,339) | 5,799 | (6,933) | 7,529 |
| Future mortality (1 year movement) | 53 | (215) | 327 | (492) |

The analysis does not take account of the full distribution of cash flows expected under the plan, and only provides an approximation of the sensitivity of the assumptions considered.

23. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|-------------------------------|--------|--------|-------------|-----------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Property, plant and equipment | - | - | (52,866) | (61,915) | (52,866) | (61,915) |
| Provisions | 20,209 | 11,069 | (10,264) | (26,796) | 9,945 | (15,727) |
| Other items | 9,933 | 5,262 | (22,545) | (22,442) | (12,612) | (17,180) |
| Tax losses carry-forward | 21,024 | 17,123 | - | - | 21,024 | 17,123 |
| Net tax asset / (liabilities) | 51,166 | 33,454 | (85,675) | (111,153) | (34,509) | (77,699) |

The movement in deferred tax liability-net, recognised in profit and loss and Other Comprehensive Income – Foreign Currency Translation differences ("OCI – CTR"), is as follows:

| | January 1, 2023 | Recognised in profit of loss | Recognised in OCI – CTR | Other Adjustments | December 31, 2023 |
|-------------------------------|--------------------|---------------------------------|----------------------------|----------------------|----------------------|
| Property, plant and equipment | (61,915) | (1,019) | 10,068 | - | (52,866) |
| Provisions | (15,727) | 26,999 | (1,327) | - | 9,945 |
| Other items | (17,180) | 4,857 | (289) | - | (12,612) |
| Tax carry-forwards | 17,123 | 8,739 | (4,838) | - | 21,024 |
| | (77,699) | 39,576 | 3,614 | - | (34,509) |

| | January 1, 2022 | Recognised in profit of loss | Recognised in OCI – CTR | Other Adjustments | December 31, 2022 |
|-------------------------------|--------------------|---------------------------------|----------------------------|----------------------|----------------------|
| Property, plant and equipment | (98,241) | 7,336 | 28,990 | - | (61,915) |
| Provisions | (12,112) | (1,456) | (1,718) | (441) | (15,727) |
| Other items | (21,063) | 4,669 | (786) | - | (17,180) |
| Tax carry-forwards | 15,870 | 5,418 | (4,165) | - | 17,123 |
| | (115,546) | 15,967 | 22,321 | (441) | (77,699) |

24. TRADE PAYABLES

| | Note | December 31, 2023 | December 31, 2022 |
|-----------------|------|----------------------|----------------------|
| Third parties | | 3,312,657 | 3,694,066 |
| Related parties | 29 | 195,307 | 199,039 |
| | | 3,507,964 | 3,893,105 |

25. ACCRUED AND OTHER LIABILITIES

| | Note | December 31, 2023 | December 31, 2022 |
|--|------|----------------------|----------------------|
| Accrued expenses | | 918,067 | 803,484 |
| Marketing related accruals | | 403,662 | 439,903 |
| Employee related accrual | | 393,671 | 341,590 |
| Accrued zakat and tax | 26 | 362,139 | 219,911 |
| Negative fair value of derivatives | 12.3 | 246,536 | 116,701 |
| Advances from customers | | 129,084 | 77,877 |
| Accrued utilities, freight and other charges | | 111,353 | 118,922 |
| Payable to government authorities | 25.1 | 95,024 | 78,577 |
| Change in fair value of hedged item (firm commitments) | | 73,655 | 38,900 |
| Payable to contractors | | 71,292 | 89,657 |
| Brokers liability against hedging instruments | | 60,464 | 1,627 |
| Accrued financial charges | | 56,783 | 86,465 |
| Accrued rent | 25.3 | 23,438 | 38,403 |
| Provision against financial guarantee | 25.2 | 18,650 | 18,650 |
| Unclaimed dividend | 25.4 | 4,919 | 2,612 |
| Due to related parties | 29 | - | 63,031 |
| Other liabilities | | 260,916 | 234,242 |
| | | 3,229,653 | 2,770,552 |

25.1 Payable to government authorities represents estimated payments to be made to government authorities related to custom duties, value added tax, subsidies and price adjustments on edible oil purchases.

25.2 Savola Group Company issued a corporate guarantee in favour of Saudi Industrial Development Fund ("SIDF") along with certain other entities (together referred to as the "SIDF Guarantors") for the loan facility availed by Eastern Industrial Company ("EICO", "Joussour Holding Company's subsidiary" or Group's affiliate). In 2018, the Company has received a notice from SIDF to settle its share of the guarantee due to default in repayment by EICO of SIDF loan, triggered from the adverse financial performance.

Accordingly, the Company recorded a provision amounting to SR 100.7 million during the year ended December 31, 2018.

25.3 This includes additional accrued rent resulting from the lease cancellation of retail outlets.

25.4 Unclaimed dividends represent dividend declared by the Company in prior years and share fractions, which resulted from split of shares in prior years. Such amounts have not yet been claimed by the respective shareholders. In the opinion of management, the unclaimed dividend represents the amount which can be claimed during the next year. However, the amount which have not been claimed for over three years are unlikely to be paid during the next year and accordingly, classified under long term payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

26. ZAKAT AND INCOME TAXES

Zakat and taxes included in the consolidated statement of profit or loss comprises of the following:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Foreign income-tax charge | 229,618 | 135,969 |
| Zakat | 38,467 | 48,474 |
| | 268,085 | 184,443 |
| Deferred foreign income-tax reversal (Note 23) | (39,576) | (15,967) |
| | 228,509 | 168,476 |

The movement in the accrued zakat and current income-taxes are as follows:

| | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| Balance at beginning of year | 219,911 | 226,873 |
| Charge for the year | 268,085 | 184,443 |
| Transfer to liabilities held for sale | - | (13,952) |
| Currency translation | (48,926) | (99,049) |
| Payments during the year | (76,931) | (78,404) |
| Balance at end of year | 362,139 | 219,911 |

a) Zakat status

The Zakat, Tax and Customs Authority ("ZATCA") conducted a field audit on the Company's accounts for the years 2005 to 2012 and claimed additional Zakat difference of SR 85.8 million. Subsequently, the assessment was agreed with the ZATCA Settlement Committee and the Company settled the liability with an amount of SR 10.2 million. Moreover, the years from 2013 to 2018 were also finalized based on the disclosure initiative. The group settled additional liability of SR 5.4 million as per the amended returns. During the year 2020, the ZATCA issued a revised claim, for the previously finalized years from 2014 to 2018 claiming additional zakat difference of SR 59.5 million. The management had escalated the Company's objection against the said claim to the level of General Secretariat of Tax Committees (GSTC). The GSTC issued the official decision showing a reduction of Zakat difference to SR 29.6 million.

The management had transferred the case to the Appeal Committee and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these consolidated financial statements. The ZATCA issued amended assessments for years 1999 and 2000 and claimed additional SR 1.9 million. The case was escalated to the Bureau of Grievances.

ZATCA issued the assessment on a formerly owned subsidiary and claimed additional Zakat differences of SR 13 million. The case was escalated to the GSTC. The GSTC issued the official decision showing a reduction of Zakat difference to SR 7 million. Subsequently, the assessment was agreed with the ZATCA Settlement Committee, and the Company settled a liability with an amount of SR 2 million.

Certain subsidiaries in the foods processing sector have also received final or provisional zakat certificates until the year 2022. Accordingly, payment plans have been pursued as per the agreement with ZATCA and liabilities have been adjusted against the final settlement amounts. Also, the Group has pending appeals against additional claims and assessments of certain subsidiaries with total Zakat differences of SR 33.5 million (December 31, 2022: approximately SR 31 million). Moreover, the ZATCA issued an additional claim amounting to SR 51.8 million for another subsidiary for the years 2015 to 2018. The subsidiary escalated an objection against the said claim to the level of General Secretariat of Tax Committees and obtained a favourable outcome that resulted in no further liability.

b) Income tax status

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Tax paying foreign subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advance tax determined on prior year tax liability bases.

Certain foreign subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.

27. CONTINGENCIES AND COMMITMENTS

| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|----------------------|----------------------|
| Amounts in millions of Saudi Riyals | | |
| Letters of credits | 19 | 65 |
| Bank guarantees | 186 | 131 |
| Commitments to buy raw sugar | 704 | 175 |
| Commitments to sell refined sugar | 1,314 | 741 |
| Capital commitments | 209 | 38 |
| Quantity in Metric tonnes | | |
| Commitments to buy raw sugar | 326,689 | 96,550 |
| Commitments to sell refined sugar | 457,874 | 315,652 |

27.1 Also see Note 19 with respect to guarantees given for certain loans and Note 26 with respect to Zakat contingencies.

27.2 The Group has various leases (short-term leases) for its offices, warehouses, retail outlets and production facilities. Future rental commitments under these operating leases amounting to SR 30.25 million (December 31, 2022: SR 40.7 million) are payable within one year.

27.3 During 2022, certain overseas subsidiaries in food processing segment received preliminary aggregate claims from local regulatory authorities and commercial banks amounting to SR 410 million, that were subsequently reduced to SR 297.4 million, to affect a new pricing mechanism for edible oil products by replacing subsidized rate mechanism. In this connection, such subsidiaries, while contesting the claims, have made payments of SR 197 million and accrued a provision amounting to SR 12 million, based on the management's best estimate.

During the year, the local regulator has raised additional claim amounting to SR 64 million. Management has challenged such claim and has recorded an additional provision amounting to SR 44.5 million, based on the management's best estimate.

28. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2023 and December 31, 2022 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding 531.462 million (December 31, 2022: 532.724 million) during such periods.

Diluted earnings per share for the year ended December 31, 2023 and December 31, 2022, have been computed by dividing the profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares i.e. 532.993 million (December 31, 2022: 533.890 million).

Weighted average number of ordinary shares for the purpose of computing earnings per share are as follows:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| For Basic EPS calculation | | |
| Issued ordinary shares | 533,980,700 | 533,980,700 |
| Effect of treasury shares (note 17) | (2,518,967) | (1,257,045) |
| Weighted average number of ordinary shares outstanding | 531,461,733 | 532,723,655 |
| For Diluted EPS calculation | | |
| Weighted average number of ordinary shares outstanding (for basic EPS) | 531,461,733 | 532,723,655 |
| Effect of shares under employee share based option plan (note 17) | 1,530,797 | 1,166,407 |
| Weighted average number of ordinary shares outstanding | 532,992,530 | 533,890,062 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES

Related parties include the Group's shareholders, associates, related companies and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

Key management personnel compensation

Compensation to the Group's key management personnel includes short term employee benefits amounting to SR 39.2 million (December 31, 2022: SR 34.8 million), post-employment benefits amounting to SR 1.1 million (December 31, 2022: SR 1.2 million) and Share-based payments expense amounting to SR 4.0 million (December 31, 2022: SR 2.6 million).

Board of Directors' remuneration for the year ended December 31, 2023 amounting to SR 2.2 million (December 31, 2022: SR 2.2 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit or loss and other comprehensive income. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 3.1 million (December 31, 2022: SR 3.1 million) are charged to expenses and included under administrative expenses.

Other related party transactions

A number of companies transacted with the Group during the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within agreed credit period from the date of transaction. None of the balances are secured. No expense has been recognised in the current or prior period for impairment in respect of amounts owed by related parties.

The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, common directorship and entities over which they have control or significant influence are as follows:

| Name | Relationship | Nature of transactions | Amount of transactions | | Closing balance | |
|---|-------------------------|----------------------------------|------------------------|--------|-------------------|-------------------|
| | | | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Due from related parties – Trade receivables | | | | | | |
| Almarai | Associate | Sales | 69,647 | 66,463 | 7,362 | 7,770 |
| Western Bakeries Company Limited | Subsidiary of associate | Sales | 84,689 | 73,585 | 8,884 | 6,586 |
| | | | | | 16,246 | 14,356 |
| Due from related parties – Prepayments and other receivables | | | | | | |
| USCE | Associate | Margin Call / payments on behalf | 45,957 | – | 85,942 | – |
| | | Others (compensation) (29.1) | (42,438) | – | – | – |
| Khairat AlSharq for General Trade and Manufacturing Foodstuff Company (KASCO) (Note 20) | Subsidiary of associate | Payments on behalf | 7,219 | 15,289 | – | – |
| | | Loan written off | 20,834 | – | – | 28,053 |
| Al Mehbaj Al Shamiyah Trading Company* | Common Directorship | Commission income | 7,180 | 6,390 | 3,788 | 2,249 |
| Waste Collection & Recycling Company* | Common Directorship | Scrap Sales | 2,561 | 9,370 | 444 | 1,070 |
| Zohoor Alreef* | Common Directorship | Rental Income | 166 | 106 | 577 | 360 |
| | | | | | 90,751 | 31,732 |

29.1 Includes the compensation to USCE on account of mutually agreed cancellation of a contract due to certain restrictions imposed on export of refined beet sugar by the Government of Egypt.

| Name | Relationship | Nature of transactions | Amount of transactions | | Closing balance | |
|---|---------------------|----------------------------------|------------------------|---------|-------------------|-------------------|
| | | | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Due to related parties – Trade payables | | | | | | |
| Almarai | Associate | Purchases | 797,939 | 716,998 | 122,964 | 116,378 |
| Nestle Group* | Common Directorship | Purchases | 253,666 | 243,135 | 30,172 | 33,519 |
| Mayar Food Company* | Common Directorship | Purchases | 149,609 | 122,388 | 36,928 | 45,272 |
| Del Monte Saudi Arabia Limited* | Common Directorship | Purchases | 8,117 | 66,018 | 2,003 | 2,668 |
| Al Manhal Water Factory Company Limited* | Common Directorship | Purchases | 7,610 | 6,146 | 1,400 | 1,153 |
| Al Jazirah Dates & Food Factory* | Common Directorship | Purchases | – | 3 | 49 | 49 |
| Al Mehbaj Al Shamiyah Trading Company* | Common Directorship | Purchases | 9,591 | 12,190 | 1,791 | – |
| | | | | | 195,307 | 199,039 |
| Due to related parties – Accrued and other liabilities | | | | | | |
| USCE | Associate | Loans / Advances | 147,879 | – | – | – |
| | | Margin Call / payments on behalf | – | 63,416 | – | 63,031 |
| Kinan | Associate | Rental and lease payments | 24,842 | 29,017 | – | – |
| Dur Hospitality Company* | Common Directorship | Lease payments | 6,000 | 18,000 | – | – |
| Abdul Kader Al Muhaidib & Sons Co* | Shareholder | Lease payments | 15,480 | – | – | – |
| | | | | | – | 63,031 |

* The above tables includes certain balances amounting to SR 4.8 million (December 31, 2022: SR 3.7 million) for due from related parties and SR 72.3 million (December 31, 2022: SR 82.7 million) for due to related parties pertaining to entities having common directorships or common key management personnel in accordance with local laws and regulations.

30. OPERATING SEGMENTS

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Food Processing - includes manufacturing, sale and distribution of Edible oils, Sugar, Pasta, Spices, Nuts, Pulses and other food products.

Retail - includes hyper markets, supermarkets and convenience stores operations.

Food Services - includes food products and fast food restaurants' chain operated by Herfy;

Frozen Food - includes manufacturing, wholesale and retail distribution of frozen food products operated by Good Food Company

Investments - includes real estate activities, investments in equity-accounted investees and other investments.

The segments which do not meet any of the quantitative thresholds for determining reportable segments, are classified as "Others / Eliminations", which mainly include the eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

30. OPERATING SEGMENTS continued

Performance is measured based on segment profit net of income tax and zakat, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding the results of each reportable segment is included below:

| December 31, 2023 | Reportable Segments | | | | | | Total |
|--|---------------------|-------------|---------------|-------------|-------------|-----------------------|--------------|
| | Food Processing | Retail | Food Services | Frozen Food | Investments | Others / Eliminations | |
| External revenues | 14,668,964 | 10,326,447 | 1,148,043 | 674,863 | - | - | 26,818,317 |
| Inter segment revenue | 396,368 | 4,930 | 25,653 | 39,209 | 29,557 | (495,717) | - |
| Segment Revenue (Note 30.1) | 15,065,332 | 10,331,377 | 1,173,696 | 714,072 | 29,557 | (495,717) | 26,818,317 |
| Cost of revenues | (12,709,048) | (7,773,626) | (889,283) | (463,592) | (20,501) | 481,077 | (21,374,973) |
| Share of results of equity-accounted investees, net of zakat and tax | (38,119) | - | - | - | 756,932 | - | 718,813 |
| Impairment reversal / (loss), net (Note 8 & 36) | 65,521 | 46,828 | - | - | (417) | - | 111,932 |
| Finance cost – net | (531,833) | (192,088) | (31,795) | (4,548) | (290,878) | - | (1,051,142) |
| Depreciation and amortisation | (257,736) | (637,536) | (174,663) | (23,544) | (29,627) | - | (1,123,106) |
| Others | (1,013,499) | (1,728,293) | (69,569) | (164,238) | (68,406) | 14,640 | (3,029,365) |
| Segment net profit before non-controlling interests | 580,618 | 46,662 | 8,386 | 58,150 | 376,660 | - | 1,070,476 |
| Segment net profit / (loss) | 451,610 | 46,662 | 8,386 | 58,150 | 376,660 | (42,283) | 899,185 |
| Investment in equity-accounted investees | 93,177 | - | - | - | 9,215,926 | - | 9,309,103 |
| Segment assets | 10,257,208 | 6,995,161 | 1,906,672 | 1,078,240 | 14,466,734 | (4,741,352) | 29,962,663 |
| Segment liabilities | 7,905,589 | 5,878,793 | 873,194 | 812,072 | 5,788,191 | (829,696) | 20,428,143 |

| December 31, 2022 | Reportable Segments | | | | | | Total |
|--|---------------------|-------------|---------------|-------------|-------------|-----------------------|--------------|
| | Food Processing | Retail | Food Services | Frozen Food | Investments | Others / Eliminations | |
| External revenues | 16,105,768 | 10,109,087 | 1,213,400 | 626,448 | - | - | 28,054,703 |
| Inter segment revenue | 335,035 | 4,923 | 30,438 | 43,561 | 27,335 | (441,292) | - |
| Segment Revenue | 16,440,803 | 10,114,010 | 1,243,838 | 670,009 | 27,335 | (441,292) | 28,054,703 |
| Cost of revenues | (14,454,991) | (7,772,921) | (903,425) | (460,919) | (21,207) | 432,841 | (23,180,622) |
| Share of results of equity-accounted investees, net of zakat and tax | (21,242) | - | - | - | 681,823 | - | 660,581 |
| Impairment reversal / (loss), net (Note 8 & 36) | (14,880) | 99,617 | (17,545) | - | (2,037) | - | 65,155 |
| Finance cost – net | (290,737) | (169,726) | (75,332) | (4,114) | (136,467) | - | (676,376) |
| Depreciation and amortisation | (269,926) | (569,034) | (169,091) | (25,542) | (29,740) | - | (1,063,333) |
| Others | (889,295) | (1,860,117) | (79,509) | (125,981) | (48,772) | 8,451 | (2,995,223) |
| Segment net profit before non-controlling interests | 499,732 | (158,171) | (1,064) | 53,453 | 470,935 | - | 864,885 |
| Segment net profit / (loss) | 404,894 | (158,171) | (1,064) | 53,453 | 470,935 | (27,295) | 742,752 |
| Investment in equity-accounted investees | 144,456 | - | - | - | 8,798,190 | - | 8,942,646 |
| Segment assets (Note 30.2) | 10,516,497 | 6,621,681 | 1,994,500 | 975,229 | 13,266,875 | (3,810,134) | 29,564,648 |
| Segment liabilities | 8,092,843 | 6,389,886 | 937,947 | 726,694 | 4,804,881 | (704,296) | 20,247,955 |

30.1 The Revenue of the Group is contributed by Arabia (which represents GCC and Levant), Egypt and other geographical locations amounting to SR 18.3 billion, SR 4.2 billion and SR 4.3 billion respectively (2022: SR 18.5 billion, SR 3.9 billion and SR 5.7 billion).

30.2 The Non-current assets of the Group is contributed by Arabia (which represents GCC and Levant), Egypt and other geographical locations amounting to SR 19.2 billion, SR 0.7 billion and SR 0.5 billion respectively (2022: SR 18.5 billion, SR 0.9 billion and SR 0.7 billion).

31. REVENUE

The Group generates revenue primarily from the sale of goods. Other sources of revenue include rental income.

| 2023 | Reportable Segments | | | | | | Total |
|---|---------------------|------------|---------------|-------------|-------------|-----------------------|------------|
| | Food Processing | Retail | Food services | Frozen Food | Investments | Others / Eliminations | |
| Products transferred at a point in time | 15,065,332 | 10,291,501 | 1,147,740 | 714,072 | - | (495,717) | 26,722,928 |
| Products and services transferred over time | - | 39,876 | 25,956 | - | 29,557 | - | 95,389 |
| Total revenue | 15,065,332 | 10,331,377 | 1,173,696 | 714,072 | 29,557 | (495,717) | 26,818,317 |

| 2022 | Reportable Segments | | | | | | Total |
|---|---------------------|------------|---------------|-------------|-------------|-----------------------|------------|
| | Food Processing | Retail | Food services | Frozen Food | Investments | Others / Eliminations | |
| Products transferred at a point in time | 16,440,803 | 10,072,714 | 1,222,024 | 670,009 | - | (413,957) | 27,991,593 |
| Products and services transferred over time | - | 41,296 | 21,814 | - | 27,335 | (27,335) | 63,110 |
| Total revenue | 16,440,803 | 10,114,010 | 1,243,838 | 670,009 | 27,335 | (441,292) | 28,054,703 |

32. COST OF REVENUES

| | 2023 | 2022 |
|--|------------|------------|
| Inventories consumed / sold* | 19,519,015 | 21,123,830 |
| Salaries and employee related expenses | 775,466 | 804,835 |
| Overheads | 429,625 | 574,741 |
| Depreciation and amortisation | 419,371 | 420,279 |
| Freight & handling | 231,496 | 256,937 |
| | 21,374,973 | 23,180,622 |

* Inventories consumed / sold are net of rebates, commercial and promotional income from retail business.

33. SELLING AND DISTRIBUTION EXPENSES

| | 2023 | 2022 |
|--|-----------|-----------|
| Salaries and employee related expenses | 1,463,991 | 1,411,896 |
| Depreciation and amortisation | 613,754 | 557,182 |
| Advertisement | 308,542 | 317,922 |
| Utilities | 186,886 | 234,591 |
| Rent | 109,641 | 103,112 |
| Commission | 103,791 | 113,604 |
| Maintenance | 82,928 | 100,956 |
| Impairment loss on trade receivables - net (Note 11) | 48,566 | 32,798 |
| Insurance | 27,061 | 28,906 |
| Communication | 9,930 | 9,886 |
| Others | 32,122 | 45,606 |
| | 2,987,212 | 2,956,459 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

34. ADMINISTRATIVE EXPENSES

| | 2023 | 2022 |
|---|----------------|----------------|
| Salaries and employee related expenses | 531,837 | 548,508 |
| Depreciation and amortisation | 89,981 | 85,872 |
| IT related cost | 60,534 | 77,853 |
| Professional fees | 58,120 | 94,092 |
| Training, subscriptions and conferences | 39,387 | 34,752 |
| Utilities, telephone and communication cost | 22,404 | 4,220 |
| Insurance | 21,445 | 18,971 |
| Repairs and maintenance | 9,615 | 11,035 |
| Traveling | 9,737 | 9,114 |
| Rent | 4,552 | 2,714 |
| Others | 107,815 | 88,361 |
| | 955,427 | 975,492 |

35. HYPERINFLATIONARY ACCOUNTING

The Group closely monitors the economic conditions for its foreign operations including qualitative consideration prescribed in IAS 29 – Financial Reporting in Hyperinflationary Economies. The Group uses available official statistics or other reliable information sources to estimate the impact of hyperinflation.

Accordingly, during the year ended December 31, 2023 the Group's foreign operations in Iran, Sudan and Turkey were subject to hyperinflation and reported amounts of the local operations have been adjusted in accordance with IAS 29. The official statistics published for Iran, Sudan and Turkey have been used to estimate the hyperinflation accounting impact recorded during the year ended December 31, 2023.

The main effects on the Group's consolidated financial statements due to hyperinflationary accounting (which includes both indexing up and using of closing exchange rate) are as follows:

| | Iran | Sudan | Turkey | Total |
|---|----------|-----------|----------|-----------|
| Year ended December 31, 2023 | | | | |
| Revenue increased / (decreased) by | 78,904 | (107,540) | 37,610 | 8,974 |
| Profit for the year increased / (decreased) by | (34,346) | 8,888 | (13,203) | (38,661) |
| Net monetary loss/gain | (15,428) | (4,297) | (8,845) | (28,570) |
| Total non-current assets increased / (decreased) by | (97,802) | (33,254) | 10,141 | (120,915) |
| Currency translation differences impacted by | (63,849) | (49,584) | 19,598 | (93,835) |

Year ended December 31, 2022

| | | | | |
|---|----------|----------|---------|----------|
| Revenue increased by | 123,693 | 230,542 | 69,400 | 423,635 |
| Profit for the year decreased by | (47,747) | (11,626) | (7,138) | (66,511) |
| Net monetary loss | (56,292) | (7,950) | (5,598) | (69,840) |
| Total non-current assets increased by | 69,339 | 15,046 | 28,377 | 112,762 |
| Currency translation reserve increased / (decreased) by | 130,567 | (174) | 40,656 | 171,049 |

The conversion factors used for the CPI adjustment for the year ended are given below:

| | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Conversion factor for Iran | 1.3931 | 1.4615 |
| Conversion factor for Sudan | 1.0921 | 2.0703 |
| Conversion factor for Turkey | 1.6477 | 1.6427 |

Subsequent to the year ended December 31, 2023, on March 6, 2024, the Central Bank of Egypt announced the devaluation of Egyptian Pound (EGP) leading to a significant drop in exchange rates and hike in interest rates. Given the prior cumulative 3-year inflation rates and with the current devaluation in March 2024, a review of the hyperinflationary accounting for EGP in accordance with IAS 29, may be triggered. The Group is closely monitoring the possible impacts of the hyperinflation on its operations in Egypt.

36. IMPAIRMENT REVERSAL / LOSS

The Group reviews the carrying amounts of its non-financial assets including goodwill to determine whether their carrying values exceed the recoverable amounts. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is established based on the estimated future cash flows on the basis of budget after excluding impact of future renovation, using growth rates, terminal value percentages and discounting to their present value using pre-tax discount rates as mentioned in Note 36(a) and 36(c).

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Following are the details of the impairment assessment carried out in retail segment;

Key assumptions used for determination of value in use except for freehold land:

Cash flow projections were prepared using budgeted earnings before interest, zakat, depreciation and amortisation (EBITDA) taking into account past experience, and following factors:

- Estimated revenue and EBITDA growth for future five years based on expected sales volume and price growth for these years.
- Estimated improvement in gross margins and EBITDA as a result of improvement plans currently being carried out by the Group.

These cash flows were discounted using a discount rate which was estimated using industry average weighted-average cost of capital and cost of debt, with a target debt to equity ratio of 56.3% (December 31, 2022: 81.2%) at a post Zakat cost of debt of 6.3% (December 31, 2022: 6.6%).

a) Impairment reversal on recoverable amount of non-current assets excluding freehold land:

During the year, the Group has recognised an impairment reversal of SR 4.4 million (December 31, 2022: SR 37.8 million) against right-of-use assets; impairment reversal of SR 2.5 million (December 31, 2022: SR 36.7 million) against items of property, plant and equipment; and, impairment reversal of SR 0.5 million (December 31, 2022: SR 1.5 million) against intangible assets, due to favourable changes in economic environment affecting footfall and basket size in retail segment.

The recoverable amount is based on "value-in-use" method and was determined at the level of cash generating unit ("CGU") as identified by management and consists of the net operating assets of each store. In determining value in use for the CGUs, the cash flows (determined using approved five-year business plan and budget) were discounted at a rate of 12.8% to 14.1% (December 31, 2022: 12.6% to 13.7%) on a post-Zakat basis and were projected up to the year 2028. Fair value less costs to sell was used as the basis to determine recoverable amount for two owned stores.

The key assumptions used for determination of recoverable amounts are as follows:

| | 2023 | 2022 |
|--|----------------|----------------|
| Budgeted gross margin | 25.5% to 26.3% | 24.5% to 26.2% |
| Revenue growth rate | 3.0% to 4.4% | 3.0% to 3.9% |
| Operating expenses as percentage of sale | 17.0% to 17.9% | 17.7% to 18.2% |
| Budgeted EBITDA margins | 8.4% to 8.5% | 6.8% to 8.0% |
| Discount rate | 12.8% to 14.1% | 12.6% to 13.7% |
| Terminal growth value | 2.0% | 2.0% |

b) Impairment reversal on recoverable amount of freehold land parcels:

The Group recognized an impairment reversal of SR 39.4 million (2022: SR 36.3 million) on freehold lands, due to favorable changes in market dynamics.

The recoverable amount is estimated by three independent experts and is based on "comparable" method (VIU or FVLCS) and was determined at the level of individual assets as identified by management i.e. the CGU. In determining market value, properties with similar characteristics in the same market area that have recently been sold were selected. Once those properties were found, they were compared to the properties in question and an adjustment in value was made for comparative deficiencies and advantages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

36. IMPAIRMENT REVERSAL / LOSS continued**c) Impairment loss on goodwill:**

An impairment loss of SR 12.7 million was recognised during the year ended December 31, 2022, on the goodwill of Atabet Al Bab Communications and Information Technology LLC.

The key assumptions used for determination of recoverable amounts, using value in use basis, were as follows:

| | 2022 |
|---|----------------|
| Budgeted gross margin | 19.1% to 21.3% |
| Weighted average revenue growth rate | 8.1% |
| Operating expenses as percentage of sales | 25.0% to 29.9% |
| Budgeted EBITDA margins | -8.6% to -5.9% |
| Discount rate | 12.0% |
| Terminal growth value | 2.0% |

The calculation of value in use is most sensitive to the assumptions on revenue growth rate and operating expenses as percentage of revenue and long-term growth rate used to extrapolate cash flows beyond the budget period of 5 years.

Following are the details of the impairment assessment carried out in Foods Processing;

a) Impairment loss on goodwill

During the year ended December 31, 2023, an impairment loss amounting to SR 75 million has been recognised, on the goodwill of Bayara Holding Company, based on determination of recoverable value, where the fair value was estimated using discounted cashflows model. The key assumptions used for determination of recoverable amounts, using fair value less costs of disposal, were as follows:

| | 2023 |
|-------------------------|-----------------------|
| Budgeted EBITDA margins | 10.2% to 15.9% |
| Discount rate | 13.3% to 14.5% |
| Terminal growth value | 2.1% |

b) Impairment reversal on recoverable amount of non-current assets excluding freehold land:

In 2016, an impairment loss amounting to SR 160 million (CGU: business operation) was recorded against the property, plant and equipment of a subsidiary in food processing segment. During recent years, the results of the subsidiary have shown consistent considerable improvement. Based on determination of recoverable amount, where the value in use was estimated using income approach, a reversal of impairment amounting to SR 160 million was recorded in these consolidated financial statements.

The key assumptions used for determination of recoverable amounts, using discounted cashflows model (over a period of 5 years), are as follows:

| | 2023 |
|-------------------------|-------------------|
| Budgeted EBITDA margins | 25.4% |
| Discount rate | 24% to 25% |
| Terminal growth value | 5.1% |

Furthermore, the onset of an armed conflict in the Republic of Sudan during 2023 led to identification of certain impairment indicators for the Group's subsidiary located in this territory. Accordingly, the recoverability of this entity's assets (CGU: business operation) was assessed based on the value in use method. The recoverable amount was estimated using the income approach derived from financial forecasts under different scenarios. Estimates utilized in the projected cash flows included growth rates, pre-tax discount rates and terminal value percentages and resulted in an impairment loss amounting to SR 18.3 million and was recorded in these consolidated financial statements. Also see Note 41.

The significant assumptions used are as follows:

| | 2023 |
|--------------------------------------|--------------|
| Budgeted EBITDA margins | 10.1% |
| Discount rate | 77.5% |
| Terminal growth value | 4.9% |
| Discount rate used for terminal year | 62.5% |

The calculation of value in use is most sensitive to the assumptions on revenue growth rate and operating expenses as percentage of revenue and long-term growth rate used to extrapolate cash flows beyond the budgeted period.

37. NET FINANCE COST

| | 2023 | 2022 |
|--|------------------|---------|
| Commission income on bank deposits | 138,060 | 72,774 |
| Gain on re-measurement of other commodity futures | - | 2,377 |
| Finance income | 138,060 | 75,151 |
| Financial charges on borrowings | 729,539 | 419,211 |
| Interest expense on lease liabilities | 197,443 | 253,881 |
| Bank commission | 24,045 | 29,555 |
| Foreign exchange loss, net | 90,184 | 616 |
| Negative fair value of options | 88,007 | 24,521 |
| Loss on re-measurement of other commodity futures | 56,755 | 18,117 |
| Unwinding of discount on site restoration | 3,229 | 5,626 |
| Finance cost | 1,189,202 | 751,527 |
| Net finance cost recognized in profit or loss | 1,051,142 | 676,376 |

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, 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 audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, term deposits, trade and other receivables, investments measured at fair value, loans and borrowings, lease liabilities, derivatives, trade payables and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *continued***Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows.

The Group's interest rate risks arise mainly from its borrowings and short-term deposits, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

| | December 31, 2023 | December 31, 2022 |
|----------------------------------|----------------------|----------------------|
| Fixed rate instruments | | |
| Financial assets | 797,795 | 449,896 |
| Financial liabilities | 1,469,234 | 1,913,643 |
| Variable rate instruments | | |
| Financial assets | 356,076 | 194,872 |
| Financial liabilities | 7,118,470 | 6,230,953 |

The fair value of fixed rate financial liabilities amounted to SR 1,448 million (2022: SR 1,888 million).

Sensitivity analysis for fixed rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 6.7 million (2022: SR 14.6 million).

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 67.62 million (2022: SR 63.0 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Iranian Riyals, Egyptian Pounds, United Arab Emirates Dirhams, Sudanese Pounds and Turkish Lira. The Group operates internationally and is exposed to foreign exchange risk. The Group's investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between foreign currencies against Iranian Riyals, Egyptian Pounds, Sudanese Pounds and Turkish Lira. Such fluctuations are recorded as a separate component of equity "Foreign Currency Translation Reserve" in the accompanying consolidated financial statements. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. In addition, interest on borrowings is denominated in the currency of the borrowings. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Following is the significant gross financial position exposure (in thousands) classified into separate foreign currencies:

| | December 31, 2023 | | | | | |
|------------------------|-------------------|----------------|-----------------|-----------------|--------------|------------------------------|
| | US Dollars | Iranian Riyals | Egyptian Pounds | Sudanese Pounds | Turkish Lira | United Arab Emirates Dirhams |
| Trade receivables | 37,634 | 37,395,757,656 | 1,586,968 | 4,435,710 | 615,203 | 40,709 |
| Other receivables | 69 | 568,723,572 | 903,766 | 11,021,188 | 220,588 | 12,798 |
| Cash and bank balances | 39,456 | 43,390,900,376 | 4,344,086 | 372,767 | 24,275 | 47,107 |
| | 77,159 | 81,355,381,604 | 6,834,820 | 15,829,665 | 860,066 | 100,614 |
| Trade payables | 175,204 | 42,150,926,506 | 1,400,549 | 3,263,018 | 232,232 | 21,040 |
| Other payables | 35 | 16,600,890,073 | 1,845,655 | 9,855,402 | 126,192 | 29,907 |
| Loans and borrowings | 71,254 | 20,800,166,503 | 601,980 | 11,765,012 | 984,114 | 10,348 |
| | 246,493 | 79,551,983,082 | 3,848,184 | 24,883,432 | 1,342,538 | 61,295 |
| Net exposure | (169,334) | 1,803,398,522 | 2,986,636 | (9,053,767) | (482,472) | 39,319 |

| | December 31, 2022 | | | | | |
|------------------------|-------------------|------------------|-----------------|-----------------|--------------|------------------------------|
| | US Dollars | Iranian Riyals | Egyptian Pounds | Sudanese Pounds | Turkish Lira | United Arab Emirates Dirhams |
| Trade receivables | 16,107 | 21,085,687,596 | 497,747 | 3,662,978 | 524,493 | 41,221 |
| Other receivables | 11,970 | 2,000,392,977 | 443,754 | 81,099 | - | 3,052 |
| Cash and bank balances | 34,921 | 28,838,442,032 | 1,435,676 | 2,619,042 | 127,299 | 25,574 |
| | 62,998 | 51,924,522,605 | 2,377,177 | 6,363,119 | 651,792 | 69,847 |
| Trade payables | 78,084 | 32,586,265,160 | 1,116,459 | 1,009,052 | 74,400 | 29,753 |
| Other payables | 4,543 | 7,141,816,081 | 1,390,353 | 1,826,122 | 72,104 | 21,159 |
| Loans and borrowings | 70,962 | 37,862,644,042 | 1,304,029 | 17,844,624 | 1,222,660 | 12,652 |
| | 153,589 | 77,590,725,283 | 3,810,841 | 20,679,798 | 1,369,164 | 63,564 |
| Net exposure | (90,591) | (25,666,202,678) | (1,433,664) | (14,316,679) | (717,372) | 6,283 |

Significant exchange rates applied during the year were as follows:

| Foreign currency per Saudi Riyal | Average rate | | Spot rate | |
|----------------------------------|---|--------|----------------------------|--------|
| | For the year ended December 31, 2023 | 2022 | As at December 31, 2023 | 2022 |
| US Dollars | 0.27 | 0.27 | 0.27 | 0.27 |
| Iranian Riyals | 90,508 | 71,158 | 104,125 | 76,891 |
| Egyptian Pounds | 7.43 | 5.40 | 8.26 | 6.6 |
| Sudanese Pounds | 230.29 | 137.26 | 306.67 | 153.91 |
| Turkish Lira | 6.41 | 4.21 | 7.84 | 4.97 |
| United Arab Emirates Dirhams | 1.02 | 1.02 | 1.02 | 1.02 |

The Group's investments in foreign subsidiaries are not hedged.

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase equity and profit before zakat and income tax for the year by SR 3.0 million (2022: SR 11.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *continued***Price risk**

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk since the Group holds investment in certain listed equities which are classified on the statement of financial position as FVOCI investments. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Such investments are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. In addition, United Sugar Company uses derivative financial instruments (Commodity future contracts) to hedge its price risk of raw material in the Sugar business.

Further, as disclosed in Note 12, the put and call option are periodically valued based on Black Scholes' model using certain assumptions including the sugar prices; the fluctuations of which affects the valuations.

Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in Note 10 to these consolidated financial statements. As at December 31, 2023, the Company's overall exposure to price risk is limited to the fair value of those positions.

Sensitivity analysis

The net assets of the Group will increase / (decrease) by SR 1.21 million (2022: SR 1.48 million) if the prices of equity securities vary due to increase / decrease in fair values by 1% with all other factors held constant.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. To reduce exposure to credit risk, the Group has an approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers whereby the customers are grouped according to their credit characteristics, payment history, whether they are an individual or a legal entity, whether they are a wholesale/retail or manufacturers, their geographic location, existence of any financial/economic difficulties including the default risk associated with the industry and country in which they operate and accordingly records impairment loss against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored. In order to cater the credit risk from debtors, the Group has also entered into insurance arrangements in certain geographies.

The Group's maximum exposure to credit risk at the reporting date is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Financial assets | | |
| Trade receivables | 1,940,649 | 1,824,465 |
| Other receivables | 210,442 | 446,303 |
| Derivatives | 299,786 | 73,222 |
| Bank balances (Cash and cash equivalents and term deposits) | 1,907,793 | 1,412,384 |
| | 4,358,670 | 3,756,374 |

Trade receivables are carried net of allowance for Expected Credit Losses amounting to SR 187.7 million (December 31, 2022: SR 166.1 million).

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk for receivables as at December 31:

| | December 31, 2023 | | |
|----------------------------|-------------------------------|---------------------------|----------------|
| | Weighted average loss rate | Gross carrying amounts | Loss amount |
| Current (not past due) | 0.44% | 1,410,026 | 6,240 |
| 1–30 days past due | 1.23% | 192,563 | 2,363 |
| 31–60 days past due | 2.89% | 60,191 | 1,742 |
| 61–90 days past due | 7.89% | 26,856 | 2,118 |
| More than 90 days past due | 69.81% | 251,013 | 175,236 |
| Total | | 1,940,649 | 187,699 |

| | December 31, 2022 | | |
|----------------------------|-------------------------------|---------------------------|-------------|
| | Weighted average loss rate | Gross carrying amounts | Loss amount |
| Current (not past due) | 0.75% | 1,340,538 | 11,845 |
| 1–30 days past due | 0.67% | 200,797 | 1,871 |
| 31–60 days past due | 2.54% | 52,108 | 2,267 |
| 61–90 days past due | 5.49% | 64,918 | 2,994 |
| More than 90 days past due | 61.36% | 166,104 | 147,095 |
| Total | | 1,824,465 | 166,072 |

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Other receivables

Impairment on other receivables has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures having low credit risk.

Cash and cash equivalents

Impairment on cash and cash equivalents and term deposits has been measured on a life-time expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties.

Cash and cash equivalents, term deposits and derivative financial instruments include balances within KSA which are held with banks with sound credit ratings ranging from A+ to BB+.

Concentration Risk

The sector wise analysis of receivables is given below:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Wholesale / Retail | 1,036,582 | 1,153,119 |
| Manufacturing | 484,203 | 286,655 |
| Exports | 197,880 | 237,346 |
| Others | 221,984 | 147,345 |
| | 1,940,649 | 1,824,465 |
| Less: Allowance for Expected Credit Losses | (187,699) | (166,072) |
| | 1,752,950 | 1,658,393 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT continued

The maximum exposure to credit risk for receivables by geographic region is as follows:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Saudi Arabia | 1,185,589 | 1,121,202 |
| Turkey | 103,065 | 124,639 |
| Egypt | 237,708 | 130,866 |
| Iran | 204,837 | 140,974 |
| UAE | 147,189 | 242,924 |
| Other Regions | 62,261 | 63,860 |
| | 1,940,649 | 1,824,465 |
| Less: Allowance for Expected Credit Losses | (187,699) | (166,072) |
| | 1,752,950 | 1,658,393 |

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements. As at December 31, 2023, the Group has unused bank financing facilities amounting to SR 6.0 billion (December 31, 2022: SR 6.9 billion) to manage the short term and the long term liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

| December 31, 2023 | Carrying Amount | Contractual cash flows | | | | |
|---|-------------------|------------------------|--------------------|-------------------|--------------------|-------------------|
| | | Less than 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Loans and borrowings | 8,587,704 | 3,584,849 | 447,847 | 2,643,883 | 2,299,070 | - |
| Lease liabilities | 3,522,529 | 284,160 | 314,722 | 1,095,677 | 763,350 | 1,934,901 |
| Trade payables | 3,507,964 | 3,507,964 | - | - | - | - |
| Accrued and other liabilities | 2,374,628 | 2,374,628 | - | - | - | - |
| Unclaimed dividends | 229,023 | 4,919 | - | 224,104 | - | - |
| | 18,221,848 | 9,756,520 | 762,569 | 3,963,664 | 3,062,420 | 1,934,901 |
| Derivative financial liabilities | | | | | | |
| Derivative contracts used for hedging | 187,399 | 186,395 | 974 | 3 | - | - |
| Put Option | 274,255 | - | 281,470 | - | - | - |
| Other derivative contracts not for hedging | 59,137 | 59,137 | - | - | - | - |
| | 520,791 | 245,532 | 282,444 | 30 | - | - |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount with the exception of unclaimed dividend. Accordingly, it has been classified as such.

| December 31, 2022 | Carrying Amount | Contractual cash flows | | | | |
|---|-------------------|------------------------|--------------------|-------------------|--------------------|-------------------|
| | | Less than 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | |
| Loans and borrowings | 8,144,596 | 3,800,816 | 657,254 | 1,217,497 | 2,212,095 | 1,478,884 |
| Lease liabilities | 3,722,720 | 310,789 | 278,173 | 1,081,363 | 1,025,305 | 2,147,084 |
| Trade payables | 3,893,105 | 3,858,762 | 34,343 | - | - | - |
| Accrued and other liabilities | 2,308,434 | 2,308,434 | - | - | - | - |
| Unclaimed dividends | 261,068 | 2,612 | - | 258,456 | - | - |
| | 18,329,923 | 10,281,413 | 969,770 | 2,557,316 | 3,237,400 | 3,625,968 |
| Derivative financial liabilities | | | | | | |
| Derivative contracts used for hedging | 63,238 | 42,833 | 20,405 | 4 | - | - |
| Put Option | 186,274 | - | 190,683 | - | - | - |
| Other derivative contracts not for hedging | 53,459 | 53,459 | - | - | - | - |
| | 302,971 | 96,292 | 211,088 | 4 | - | - |

Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI investments, FVTPL investments, inventory and firm commitments under fair value relationships, and derivative financial instruments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT continued**Fair value of assets and liabilities (continued)**

| | Carrying amount | | | | Fair Value | | | |
|--|------------------------------|--------------------------|---------------------|--------|------------|---------|---------|---------|
| | Mandatorily at FVTPL -others | Designated at fair value | Hedging instruments | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| December 31, 2023 | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | |
| Investment at fair value through profit or loss (Note 9) | 22,871 | - | - | - | - | - | 22,871 | 22,871 |
| Future exchange contracts used for hedging | - | - | 299,786 | - | - | 299,786 | - | 299,786 |
| Equity securities (Note 9) | - | - | - | 98,068 | 4,522 | 53,258 | 40,288 | 98,068 |
| | 22,871 | - | 299,786 | 98,068 | 4,522 | 353,044 | 63,159 | 420,725 |
| Financial liabilities measured at fair value | | | | | | | | |
| Future exchange contracts used for hedging | - | - | 246,536 | - | - | 246,536 | - | 246,536 |
| Other future exchange contracts | - | 59,137 | - | - | - | 59,137 | - | 59,137 |
| Put option | - | 274,255 | - | - | - | - | 274,255 | 274,255 |
| | - | 333,392 | 246,536 | - | - | 305,673 | 274,255 | 579,928 |

| | Carrying amount | | | | Fair Value | | | |
|--|------------------------------|--------------------------|---------------------|---------|------------|---------|---------|---------|
| | Mandatorily at FVTPL -others | Designated at fair value | Hedging instruments | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| December 31, 2022 | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | |
| Investment at fair value through profit or loss (Note 9) | 43,448 | - | - | - | 1,109 | - | 42,339 | 43,448 |
| Future exchange contracts used for hedging | - | - | 73,222 | - | - | 73,222 | - | 73,222 |
| Call option | - | 25 | - | - | - | - | 25 | 25 |
| Equity securities (Note 9) | - | - | - | 104,428 | - | 55,871 | 48,557 | 104,428 |
| | 43,448 | 25 | 73,222 | 104,428 | 1,109 | 129,093 | 90,921 | 221,123 |
| Financial liabilities measured at fair value | | | | | | | | |
| Future exchange contracts used for hedging | - | - | 116,701 | - | - | 116,701 | - | 116,701 |
| Other future exchange contracts | - | 53,459 | - | - | - | 53,459 | - | 53,459 |
| Put option | - | 186,274 | - | - | - | - | 186,274 | 186,274 |
| | - | 239,733 | 116,701 | - | - | 170,160 | 186,274 | 356,434 |

Level 3 recurring fair values (reconciliation of Level 3 fair values)

The net change in the level 3 recurring fair value financial assets and financial liabilities is SR 27.8 million (December 31, 2022: SR 62.2 million) and SR 88.0 million (December 31, 2022: SR 22.1 million) respectively.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair value, as well as significant unobservable input used.

Financial instruments measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurements |
|---------------------|--|--|---|
| Equity securities | Market comparison technique. PE multiple, Price to Book value. | Price Earnings Multiples, Discount factor, Price to Book value and Price to Tangible Book Value. | Not applicable |
| Future contracts | Broker quotes | Not applicable | Not applicable |
| Put and Call option | Black Scholes Model | Strike price Volatility of Sugar index Spot price (fair value) | Increase in fair value will decrease the Put Option and increase the Call option values. Increase in volatility index will increase the value of Put and Call options. |

39. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a leverage ratio, which is calculated as total liabilities (as shown in the statement of financial position) less Cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserves.

The leverage ratio is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Total liabilities | 20,428,143 | 20,247,955 |
| Less: Cash and cash equivalents | (1,213,193) | (812,478) |
| Adjusted net debt | 19,214,950 | 19,435,477 |
| Total equity | 9,534,520 | 9,316,693 |
| Hedging reserve (Note 12) | 20,409 | 5,667 |
| Adjusted equity | 9,554,929 | 9,322,360 |
| Adjusted net debt to adjusted equity ratio | 2.01 | 2.08 |

40. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE**a) Standards, interpretations, and amendments issued**

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning on or after January 1, 2023 and that are available for early adoption in annual periods beginning on January 1, 2023.

| Standards, amendments, interpretations | Description | Effective date |
|---|---|-----------------|
| IFRS 17, 'Insurance contracts' | This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. | 01 January 2023 |
| Narrow scope amendments to IAS 1 | Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. | 01 January 2023 |
| Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction | These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. | 01 January 2023 |
| Amendment to IAS 12 - International tax reform - pillar two model rules | These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. | 01 January 2023 |
| Amendments to IAS 8 | Definition of accounting estimates | 01 January 2023 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

40. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE continued**b) Standards, interpretations, and amendments issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

| Standards, amendments, interpretations | Description | Effective from periods beginning on or after the following date |
|---|---|---|
| Amendment to IFRS 16 – Leases on sale and leaseback | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. | 01 January 2024 |
| Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements | These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. | 01 January 2024 |
| Amendment to IAS 1 – Non-current liabilities with covenants | These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. | 01 January 2024 |
| IFRS S1 & IFRS S2, 'General requirements for disclosure of sustainability-related financial information | This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. | 01 January 2024 subject to endorsement from SOCPA |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 | 01 January 2024 (Available for optional adoption / effective date deferred indefinitely) |

The standards, interpretations, and amendments with an effective date of January 1, 2023, will not have any material impact on the Group's consolidated financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the Group's financial statements on adoption.

41. SUDAN OPERATIONS

During April 2023, an armed conflict began in the Republic of Sudan. In this respect, the management has temporarily suspended production operations keeping in view the safety of its workforce and set-up a taskforce to closely monitor the situation and assess the impact on its operations. As of December 31, 2023, except for the matters explained in Note 36, management believes that the possible impact is not material to the Group's operations.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on March 25, 2024, corresponding to Ramadan 15, 1445H.