

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS - (UNAUDITED)**

For the three-month period ended March 31, 2024
together with the Independent Auditor's Review Report

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - (UNAUDITED)

For the three-month period ended March 31, 2024

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KPMG Professional Services

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Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

Independent auditor's report on review of condensed

consolidated interim financial statements

To the Shareholders of Savola Group Company

Introduction

We have reviewed the accompanying March 31, 2024 condensed consolidated interim financial statements of Savola Group Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at March 31, 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended March 31, 2024;
- the condensed consolidated statement of cash flows for the three-month period ended March 31, 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2024 condensed consolidated interim financial statements of **Savola Group Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454



Jeddah, May 7, 2024
Corresponding to Shawwal 28, 1445H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالمها (40,000,000) ريال سعودي مدفوع بالكامل المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والمتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Property, plant and equipment		5,915,220	6,046,276
Right-of-use assets		3,030,969	3,040,384
Intangible assets and goodwill		1,657,204	1,678,552
Investment property		194,071	192,618
Equity-accounted investees	5	9,456,985	9,309,103
Investments at fair value through other comprehensive income	6	99,341	98,068
Deferred tax asset		51,749	51,166
Non-current assets		<u>20,405,539</u>	<u>20,416,167</u>
Inventories		3,646,453	4,251,886
Trade receivables		2,506,534	1,752,950
Prepayments and other receivables		1,715,643	1,567,201
Investments at fair value through profit or loss	6	22,871	22,871
Term deposits	4	764,399	738,395
Cash and cash equivalents	4	1,067,112	1,213,193
Current assets		<u>9,723,012</u>	<u>9,546,496</u>
TOTAL ASSETS		<u><u>30,128,551</u></u>	<u><u>29,962,663</u></u>
EQUITY			
Share capital	7	5,339,807	5,339,807
Share premium		342,974	342,974
Shares held under employees' share based payment plan	8	(120,774)	(120,774)
Statutory reserve	9	1,774,085	1,774,085
General reserve		4,000	4,000
Other reserves		(479,189)	(456,513)
Effect of transactions with non-controlling interests without change in control		(220,840)	(220,840)
Foreign currency translation reserve		(2,661,200)	(2,354,758)
Retained earnings		4,492,150	4,143,441
Equity attributable to owners of the Company		<u>8,471,013</u>	<u>8,451,422</u>
Non-controlling interests		1,083,839	1,083,098
TOTAL EQUITY		<u>9,554,852</u>	<u>9,534,520</u>
LIABILITIES			
Loans and borrowings	10	4,672,910	4,699,990
Lease liabilities		3,047,711	3,092,951
Employee benefits		844,886	842,718
Long-term payables		223,453	224,104
Provision against asset restoration		153,922	153,541
Deferred tax liability		66,932	85,675
Non-current liabilities		<u>9,009,814</u>	<u>9,098,979</u>
Loans and borrowings	10	3,755,457	3,887,714
Lease liabilities		441,051	429,578
Trade payables		3,877,041	3,507,964
Derivative		272,328	274,255
Accrued and other liabilities		3,218,008	3,229,653
Current liabilities		<u>11,563,885</u>	<u>11,329,164</u>
TOTAL LIABILITIES		<u>20,573,699</u>	<u>20,428,143</u>
TOTAL EQUITY AND LIABILITIES		<u><u>30,128,551</u></u>	<u><u>29,962,663</u></u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenues	15	7,781,870	7,814,494
Cost of revenues	15	<u>(6,163,140)</u>	<u>(6,312,461)</u>
Gross profit		1,618,730	1,502,033
Share of results in equity-accounted investees, net of zakat and tax		198,357	213,460
Selling and distribution expenses		(771,150)	(756,288)
Administrative expenses		<u>(237,027)</u>	<u>(231,931)</u>
Results from operating activities		808,910	727,274
Finance income		60,787	22,313
Finance cost		<u>(396,673)</u>	<u>(274,716)</u>
Net finance cost		(335,886)	(252,403)
Gain on sale of a subsidiary		--	18,475
Profit before zakat and income tax		473,024	493,346
Zakat and income tax expense		<u>(92,209)</u>	<u>(74,455)</u>
Profit for the period		380,815	418,891
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Investments at fair value through other comprehensive income – net change in fair value		1,273	(1,876)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign operations - foreign currency translation differences		(341,735)	(240,950)
Equity accounted investees - share of other comprehensive income		(45,885)	64,619
Cash flow hedges – effective portion of changes in fair value		<u>28,221</u>	<u>(3,067)</u>
Other comprehensive loss for the period		(358,126)	(181,274)
Total comprehensive income for the period		22,689	237,617

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) (CONTINUED)

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Profit for the period attributable to:			
Owners of the Company		348,709	392,746
Non-controlling interests		<u>32,106</u>	<u>26,145</u>
Profit for the period		<u>380,815</u>	<u>418,891</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		16,068	232,998
Non-controlling interests		<u>6,621</u>	<u>4,619</u>
Total comprehensive income for the period		<u>22,689</u>	<u>237,617</u>
Earnings per share attributable to the Owners of the Company (in Saudi Riyal):			
Basic	13	<u>0.66</u>	<u>0.74</u>
Diluted	13	<u>0.66</u>	<u>0.74</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	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	Non-controlling interests	Total equity
Balance at January 1, 2024	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
<u>Total comprehensive income / (loss)</u>												
Profit for the period	--	--	--	--	--	--	--	--	348,709	348,709	32,106	380,815
Other comprehensive loss	--	--	--	--	--	(26,199)	--	(306,442)	--	(332,641)	(25,485)	(358,126)
	--	--	--	--	--	(26,199)	--	(306,442)	348,709	16,068	6,621	22,689
Charge for equity-settled employees' share based payment plan (Note 8)	--	--	--	--	--	3,523	--	--	--	3,523	--	3,523
Dividends	--	--	--	--	--	--	--	--	--	--	(5,880)	(5,880)
Balance at March 31, 2024	<u>5,339,807</u>	<u>342,974</u>	<u>(120,774)</u>	<u>1,774,085</u>	<u>4,000</u>	<u>(479,189)</u>	<u>(220,840)</u>	<u>(2,661,200)</u>	<u>4,492,150</u>	<u>8,471,013</u>	<u>1,083,839</u>	<u>9,554,852</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

For the three-month period ended March 31, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	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	Non-controlling interests	Total equity
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
<u>Total comprehensive income / (loss)</u>												
Profit for the period	--	--	--	--	--	--	--	--	392,746	392,746	26,145	418,891
Other comprehensive income / (loss)	--	--	--	--	--	60,517	--	(220,265)	--	(159,748)	(21,526)	(181,274)
	--	--	--	--	--	60,517	--	(220,265)	392,746	232,998	4,619	237,617
Charge for equity-settled employees' share based payment plan (Note 8)	--	--	--	--	--	3,306	--	--	--	3,306	14	3,320
Balance at March 31, 2023	<u>5,339,807</u>	<u>342,974</u>	<u>(51,862)</u>	<u>1,774,085</u>	<u>4,000</u>	<u>(388,908)</u>	<u>(187,979)</u>	<u>(2,286,611)</u>	<u>3,945,510</u>	<u>8,491,016</u>	<u>1,066,614</u>	<u>9,557,630</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Profit for the period		380,815	418,891
<u>Adjustments for:</u>			
Depreciation and amortisation		280,765	268,582
Net finance cost		335,886	263,332
Share of results in equity-accounted investees, net of zakat and tax		(198,357)	(213,460)
Share based payment expense	8	3,523	3,320
Gain on sale of property, plant and equipment and write-off of software		(1,137)	(2,633)
Zakat and income tax expense		92,209	74,455
Gain on sale of a subsidiary		--	(18,475)
		<u>893,704</u>	<u>794,012</u>
<u>Changes in:</u>			
Inventories		242,222	266,647
Trade receivables		(1,045,646)	(535,906)
Prepayments and other receivables		(230,544)	(110,551)
Trade payables		618,229	471,707
Employee benefits		13,056	13,043
Accrued and other liabilities		137,580	461,164
		<u>628,601</u>	<u>1,360,116</u>
Cash generated from operating activities		628,601	1,360,116
Finance cost paid		(207,853)	(171,528)
Zakat and income tax paid		(16,017)	(3,543)
		<u>404,731</u>	<u>1,185,045</u>
Net cash generated from operating activities		404,731	1,185,045
Cash flows from investing activities			
Acquisition of property, plant and equipment and investment property		(168,682)	(237,037)
Proceeds from sale of property, plant and equipment		1,798	8,859
Finance Income from bank deposits		53,413	22,273
Net change in FVTPL investments		--	(547)
Net proceeds from sale of investments		--	41,403
Net changes in bank deposits with maturity more than three months		(155,819)	(105,566)
		<u>(269,290)</u>	<u>(270,615)</u>
Net cash used in investing activities		(269,290)	(270,615)
Cash flows from financing activities			
Proceed from long term loans and borrowings		150,484	660
Repayments of long term loans and borrowings		(84,717)	(115,321)
Net change in short term loans and borrowings		89,340	389,805
Dividends paid		(702)	(447)
Payment of lease liabilities		(194,715)	(176,614)
Net changes in non-controlling interests		(5,880)	--
		<u>(46,190)</u>	<u>98,083</u>
Net cash (used in) / generated from financing activities		(46,190)	98,083

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)
For the three-month period ended March 31,
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Net change in cash and cash equivalents		89,251	1,012,513
Effect of movement in exchange rates on cash and cash equivalents		(224,920)	(162,022)
Cash and cash equivalents at beginning of the period	4	<u>1,132,459</u>	<u>600,759</u>
Cash and cash equivalents at end of the period	4	<u>996,790</u>	<u>1,451,250</u>
Supplemental schedule of non-cash financial information:			
Other reserves		<u>(22,676)</u>	<u>63,823</u>
Foreign currency translation reserve		<u>(341,735)</u>	<u>(240,950)</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(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 number 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 condensed consolidated interim 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"), collectively 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 March 31, 2024, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

(I) Direct subsidiaries of the Company

i) Operating subsidiaries

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
Savola Foods Company ("SFC")	Saudi Arabia	Foods	100	100
Panda Retail Company ("Panda") (Note 1 (III))	Saudi Arabia	Retail	100	100
Good Food Company ("GFC")	Saudi Arabia	Holding company	100	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate Restaurant & manufacturing	80	80
Herfy Food Services Company ("Herfy")	Saudi Arabia	bakery products	49	49

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(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

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
Aдем Arabia Company	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:				
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, 2023: 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 05,1429H (July 08, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

Subsidiaries controlled through Savola Foods Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
Afia International Company (“AIC”)	Saudi Arabia	Manufacturing of edible oils	95.19	95.19
Savola Industrial Investment Company (“SIIC”)	Saudi Arabia	Holding company	99	99
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	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
<u>SIFCO</u>				
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

a) Subsidiaries controlled through Afia International Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
Savola Behshahr Company (“SBeC”)	Iran	Holding company	90	90
KUGU Gıda Yatım Ve Ticaret A.Ş (“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
<u>SBeC</u>				
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	100
<u>Behshahr Industrial Company</u>				
Mahsoolat Daryae Ta’ım Afarin Saba Company (Sahel)	Iran	Seafood products trading and distribution	100	100
<u>SFL</u>				
Afia International Company, Egypt (“AICE”)	Egypt	Manufacturing of edible oils	99.95	99.95
<u>AICE</u>				
Savola For Export and Import	Egypt	Trading and distribution	49	49
<u>KUGU</u>				
Savola Gıda Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	100	100

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

b) Subsidiaries controlled through Savola Industrial Investment Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
United Sugar Company (“USC”)	Saudi Arabia	Manufacturing of sugar	74.48	74.48
<u>USC</u>				
Alexandria Sugar Company, Egypt (“ASCE”)*	Egypt	Manufacturing of sugar	62.13	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	100	100
<u>ASCE</u>				
Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	100	100
c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:				
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	100	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	100	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 Island	Holding Company	100	100
e) Subsidiaries controlled through Al Maoun and Marasina				
Alofog Trading DMMC	UAE	Trading and distribution	100	100
f) Subsidiaries controlled through Seafood International Two FZCO				
Seafood International One FZCO	UAE	Seafood products distribution	80	80

* The Group’s effective ownership interest in ASCE is 71.66% (December 31, 2023: 71.66%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

g) Subsidiaries controlled through Bayara Holding Limited:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
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
Profood Holdings Limited (under liquidation)	UAE	Dormant company	100	100
GYMA Trading LLC	UAE	Trading of spices, nuts and pulses	100	100

(III) Panda Retail Company

The Parent Company has a 100% (December 31, 2023: 100%) 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 32.9 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(III) Panda Retail Company (continued)

Subsidiaries controlled through Panda:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
Giant Stores Trading Company	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
Panda Bakeries Company	Saudi Arabia	Dormant company	100	100
Atabet Al Bab Communications and Information Technology LLC	Saudi Arabia	E-commerce	100	100

Giant

Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	95	95
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(IV) Good Food Company

The Parent Company has a 100% (December 31, 2023: 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(IV) Good Food Company (continued)

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Ownership interest (%)</u>	
			<u>March 31, 2024</u>	<u>December 31, 2023</u>
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
Subsidiaries controlled through Al Kabeer Holding Limited				
Sahar Enterprises Company	UAE	Trading and distribution	100	100
Sahar Food Industry Company	UAE	Manufacturing of frozen food	100	100
Best Foodstuff Trading Company	UAE	Trading and distribution	100	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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

2. BASIS OF PREPARATION

a) Statement of compliance

The accompanying condensed consolidated interim financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards for Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended December 31, 2023 (“last annual financial statements”).

These financial statements do not include all of the information required for a complete set of IFRS financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since last annual financial statements.

i) Accounting convention / Basis of Measurement

These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, going concern concept and under the historical cost basis, except for investments other than those carried at amortized cost, firm commitments and inventory under fair value hedging relationship, derivative financial instruments, lease liabilities and employee benefits which are recognised at the present value of future obligation using the Projected Unit Method. Certain comparative amounts have been reclassified to conform to the current period’s presentation and do not have a material effect on these condensed consolidated interim financial statements.

ii) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyal (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 condensed consolidated interim 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.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended December 31, 2023. A number of amendments to standards which are effective from January 1, 2024, do not have a material effect on these condensed consolidated interim financial statements.

4. CASH AND CASH EQUIVALENTS

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in hand	56,361	43,795
Cash at bank- current account	<u>670,183</u>	<u>743,688</u>
Cash and bank balances	726,544	787,483
Deposits with maturity less than three months	<u>340,568</u>	<u>425,710</u>
Cash and cash equivalents presented in statement of financial position	1,067,112	1,213,193
Bank overdrafts	<u>(70,322)</u>	<u>(80,734)</u>
Cash and cash equivalents for cash flow purposes	<u>996,790</u>	<u>1,132,459</u>
Term deposits (Note 4.1)	<u>764,399</u>	<u>738,395</u>

- 4.1 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.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

5. EQUITY ACCOUNTED INVESTEEES

The details of the Group's equity accounted investees are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>	<u>Principal business sector</u>	<u>Ownership interest (%)</u>		<u>Amount</u>	
				<u>March 31, 2024</u> (Unaudited)	<u>December 31, 2023</u> (Audited)	<u>March 31, 2024</u> (Unaudited)	<u>December 31, 2023</u> (Audited)
Almarai Company	Associate	Saudi Arabia	Fresh food products	34.52	34.52	8,948,099	8,770,990
Kinan International for Real Estate Development Company ("Kinan")	Associate	Saudi Arabia	Real estate	29.9	29.9	395,042	396,592
United Sugar Company, Egypt ("USCE")	Associate	Egypt	Sugar manufacturing	33.82	33.82	100,798	128,475
Intaj Capital Limited	Associate	Republic of Tunisia	Fund management	49	49	13,046	13,046
						<u>9,456,985</u>	<u>9,309,103</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

6. INVESTMENTS

	March 31, <u>2024</u> (Unaudited)	December 31, <u>2023</u> (Audited)
Investments at fair value through other comprehensive income (Note 6.1)	99,341	98,068
Investments at fair value through profit or loss	22,871	22,871

6.1 Investments at fair value through other comprehensive income

	March 31, <u>2024</u> (Unaudited)	December 31, <u>2023</u> (Audited)
Quoted investments (Note 6.1.1)	59,053	57,780
Unquoted investments	40,288	40,288
	99,341	98,068

6.1.1 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, these investments have been classified as level 2 securities.

7. SHARE CAPITAL AND DIVIDEND DECLARATION

At March 31, 2024 and December 31, 2023, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

During the period, the Company's Board has recommended to increase the share capital of the Company by SR 6 billion through right issue of shares. In this regard, an application has also been submitted, dated April 28, 2024 (corresponding to Shawwal 19, 1445), to CMA for increase of its share capital from SR 5.3 billion to SR 11.3 billion. Further, the Board has also recommended the distribution of Company's entire shareholding in Almarai Company to the shareholders of the Company, subject to securing necessary approvals.

8. 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

8. SHARE BASED PAYMENT PLAN (continued)

Significant features of the Plans are as follows:

<u>Grant date / employees entitled</u>	<u>Total number of shares granted</u>		<u>Service / vesting period</u>	<u>Fair value per share on grant date</u>
	<u>Key Management Personnel</u>			
	<u>Other</u>	<u>Senior Employees</u>		
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 March 31, 2024, under the Plan amounted to SR 3.5 million (March 31, 2023: SR 3.3 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the condensed consolidated statement of changes in equity under the 'Other reserves'.

As at March 31, 2024, the number of shares to be vested are 1,530,797 (December 31, 2023: 1,530,797), after forfeiture of 218,575 shares (December 31, 2023: 218,575 shares) due to the non-completion of service condition of certain employees.

9. 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 condensed consolidated interim 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

10. LOANS AND BORROWINGS

The following information reflects the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current liabilities		
Unsecured bond issues (Sukuk) (Note 10.2)	1,000,000	1,000,000
Unsecured bank loans	3,672,910	3,699,990
	4,672,910	4,699,990
Current liabilities		
Current portion of secured bank loans	--	11,862
Current portion of unsecured bank loans	471,219	375,796
Secured bank loan	31,596	43,103
Unsecured bank loans	3,182,320	3,376,219
Bank overdraft	70,322	80,734
	3,755,457	3,887,714
	8,428,367	8,587,704

- 10.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are mainly 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 March 31, 2024, loans and borrowings include sharia-compliant financing facilities amounting to SR 7.8 billion (December 31, 2023: SR 8.2 billion).
- 10.2 On July 9, 2019, the Group completed the offering of its new 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 has been redeemed and exchanged.
- 10.3 Property, plant and equipment amounting to SR 35.1 million (December 31, 2023: SR 128.3 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.
- 10.4 Inventories amounting to SR 18.8 million (December 31, 2023: SR 24.4million) are pledged with foreign banks as collateral against the bank borrowing facilities of certain overseas subsidiaries.
- 10.5 As at March 31, 2024, the Group has unused bank financing facilities amounting to SR 6.0 billion (December 31, 2023: SR 6.0 billion) to manage short term and long term liquidity requirements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

11. ZAKAT AND INCOME TAXES

(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 condensed consolidated interim 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.

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 31.6 million (December 31, 2023: SR 33.5 million).

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. CONTINGENCIES AND COMMITMENTS

	March 31, <u>2024</u> (Unaudited)	December 31, <u>2023</u> (Audited)
	Amounts in millions of <u>Saudi Riyals</u>	
Letters of credits	71	19
Bank guarantees	63	186
Commitments to buy raw sugar	608	704
Commitments to sell refined sugar	1,138	1,314
Capital commitments	216	209
	<u>Quantity in Metric tonnes</u>	
Commitments to buy raw sugar	305,104	326,689
Commitments to sell refined sugar	413,999	457,874

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 2023, the local regulator raised an additional claim amounting to SR 64 million that was reduced during the period ended 31 March 2024 to SR 49.5 million. Management initially recorded a provision during 2023 amounting to SR 44.5 million that was increased during the period ended 31 March 2024 to SR 49.1 million, based on the management's best estimate. As of the date of issuance of these financial statements, management has made a total payment amounting to SR 49.1 million against the additional claim.

13. EARNINGS PER SHARE

Basic earnings per share for the three-month period ended March 31, 2024 and March 31, 2023 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 amounting to 530.716 million (March 31, 2023: 532.671 million) during such periods.

Diluted earnings per share for the three-month period ended March 31, 2024 and March 31, 2023, 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, amounting to 532.247 million (March 31, 2023: 533.837 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

13. EARNINGS PER SHARE (continued)

Weighted average number of ordinary shares for the purpose of computing earnings per share are as follows:

	For the period ended March 31,	
	<u>2024</u>	<u>2023</u>
<u>For Basic EPS calculation</u>		
Issued ordinary shares	533,980,700	533,980,700
Effect of treasury shares	<u>(3,264,452)</u>	<u>(1,309,946)</u>
Weighted average number of shares outstanding	<u>530,716,248</u>	<u>532,670,754</u>
<u>For Diluted EPS calculation</u>		
Weighted average number of ordinary shares outstanding (for basic EPS)	530,716,248	532,670,754
Effect of shares under employee share based option plan	<u>1,530,797</u>	<u>1,166,407</u>
Weighted average number of shares outstanding	<u>532,247,045</u>	<u>533,837,161</u>

14. RELATED PARTIES

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries 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 7.1 million (March 31, 2023: SR 7.0 million), post-employment benefits amounting to SR 0.3 million (March 31, 2023: SR 0.2 million) and Share-based payments expense amounting to SR 1.2 million (March 31, 2023: SR 1.1 million).

Board of Directors' remuneration for the period ended March 31, 2024, amounting to SR 0.6 million (March 31, 2023: SR 0.6 million) has been calculated in accordance with the Company's By-laws and is charged to the condensed 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 0.8 million (March 31, 2023: SR 0.8 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

14. RELATED PARTIES (continued)

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 bad or doubtful debts 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, and entities over which they have control or significant influence are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>March 31 2024</u>	<u>2023</u>	<u>March 31, 2024 (Unaudited)</u>	<u>December 31, 2023 (Audited)</u>
<u>Due from related parties – Trade receivables</u>						
Almarai	Associate	Sales	16,611	16,675	6,883	7,362
Western Bakeries Company Limited	Subsidiary of associate	Sales	15,317	18,937	4,500	8,884
					11,383	16,246
<u>Due from related parties – Prepayments and other receivables</u>						
USCE	Associate	Margin Call / Payments on behalf / Advance against purchases	50,861	5,009	136,803	85,942
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company (KASCO)	Subsidiary of associate	Payments on behalf	--	344	--	--
Al Mehbaj Al Shamiyah Trading Company*	Common Directorship	Commission income	2,749	2,000	5,454	3,788
Waste Collection & Recycling Company*	Common Directorship	Scrap Sales	653	849	751	444
Zohoor Alreef*	Common Directorship	Rental income	16	--	541	577
					143,549	90,751

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

14. RELATED PARTIES (continued)

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>March 31 2024</u>	<u>2023</u>	<u>March 31, 2024 (Unaudited)</u>	<u>December 31, 2023 (Audited)</u>
<u>Due to related parties</u>						
<u>- Trade payables</u>						
Almarai	Associate	Purchases	279,578	271,126	151,525	122,964
	Common					
Nestle Group*	Directorship	Purchases	112,937	107,857	35,981	30,172
	Common					
Mayar Food Company*	Directorship	Purchases	72,901	66,849	77,997	36,928
Del Monte Saudi Arabia Limited*	Common Directorship	Purchases	8	8,095	1,994	2,003
Al Manhal Water Factory Company Limited*	Common Directorship	Purchases	1,799	1,552	1,230	1,400
Al Jazirah Dates & Food Factory*	Common Directorship	Purchases	--	--	49	49
Al Mehbaj Al Shamiyah Trading Company*	Common Directorship	Purchases	11,555	5,190	9,784	1,791
USCE	Associate	Purchases	8,925	--	--	--
					278,560	195,307

Due to related parties – Accrued and other liabilities

USCE	Associate	Loans/Advances / Margin Call / Payments on behalf	--	147,879	--	--
Kinan	Associate	Rental and lease payments	4,661	6,389	--	--
Dur Hospitality Company*	Common Directorship	Lease payments	6,000	--	--	--
					--	--

*The above tables include certain balances amounting to SR 6.7 million (December 31, 2023: SR 4.8 million) for due from related parties and SR 127.0 million (December 31, 2023: SR 72.3 million) for due to related parties pertaining to entities having common directorships or common key management personnel in accordance with local laws and regulations.

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15. 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.

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15. 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:

	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food Services	Frozen Food	Investments		
March 31, 2024 (Unaudited)							
External revenues	4,066,430	3,216,373	282,978	216,089	--	--	7,781,870
Inter segment revenue	184,869	1,291	6,064	14,119	8,443	(214,786)	--
Segment revenue	4,251,299	3,217,664	289,042	230,208	8,443	(214,786)	7,781,870
Cost of revenues	(3,449,743)	(2,544,206)	(216,938)	(152,837)	(4,265)	204,849	(6,163,140)
Share of results of equity- accounted investees, net of zakat and tax	(27,402)	--	--	--	225,759	--	198,357
Finance cost – net	(201,364)	(34,892)	(8,802)	(1,161)	(89,667)	--	(335,886)
Depreciation and amortisation	(64,844)	(162,579)	(41,651)	(5,104)	(6,587)	--	(280,765)
Others	(283,476)	(442,853)	(21,203)	(49,517)	(32,509)	9,937	(819,621)
Segment net profit before non-controlling interests	224,470	33,134	448	21,589	101,174	--	380,815
Segment net profit	205,120	33,134	448	21,589	101,174	(12,756)	348,709
Investment in equity-accounted Investees	71,373	--	--	--	9,385,612	--	9,456,985
Segment assets	9,679,796	7,443,323	1,908,073	1,091,444	15,098,493	(5,092,578)	30,128,551
Segment liabilities	7,406,864	6,299,847	874,148	803,688	6,397,005	(1,207,853)	20,573,699

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15. OPERATING SEGMENTS (continued)

	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food Services	Frozen Food	Investments		
<u>March 31, 2023 (Unaudited)</u>							
External revenues	4,230,186	3,117,874	268,702	197,732	--	--	7,814,494
Inter segment revenue	167,780	--	6,424	13,702	9,023	(196,929)	--
Segment Revenue	<u>4,397,966</u>	<u>3,117,874</u>	<u>275,126</u>	<u>211,434</u>	<u>9,023</u>	<u>(196,929)</u>	<u>7,814,494</u>
Cost of revenues	(3,651,073)	(2,488,682)	(220,845)	(133,993)	(5,244)	187,376	(6,312,461)
Share of results of equity- accounted investees, net of zakat and tax	(18,029)	--	--	--	231,489	--	213,460
Finance cost – net	(140,221)	(46,143)	(7,927)	(963)	(68,078)	--	(263,332)
Depreciation and amortisation	(58,704)	(152,925)	(42,658)	(6,730)	(7,565)	--	(268,582)
Others	(252,079)	(444,473)	(16,512)	(46,083)	(15,094)	9,553	(764,688)
Segment net profit before non-controlling interests	277,860	(14,349)	(12,816)	23,665	144,531	--	418,891
Segment net profit	257,723	(14,349)	(12,816)	23,665	144,531	(6,008)	392,746
Investment in equity-accounted Investees	93,178	--	--	--	9,114,989	--	9,208,167
<u>December 31, 2023 (Audited)</u>							
Segment assets	<u>10,257,208</u>	<u>6,995,161</u>	<u>1,906,672</u>	<u>1,078,240</u>	<u>14,466,734</u>	<u>(4,741,352)</u>	<u>29,962,663</u>
Segment liabilities	<u>7,905,589</u>	<u>5,878,793</u>	<u>873,194</u>	<u>812,072</u>	<u>5,788,191</u>	<u>(829,696)</u>	<u>20,428,143</u>

15.1 The Revenue of the Group is contributed by Arabia (which represents GCC and Levant), Egypt and other geographical locations amounting to SR 5.5 billion, SR 1.3 billion and SR 1.0 billion respectively (March 31, 2023: SR 5.5 billion, SR 1.1 billion and SR 1.2 billion).

15.2 The Non-current assets of the Group are contributed by Arabia (which represents GCC and Levant), Egypt and other geographical locations amounting to SR 19.3 billion, SR 0.6 billion and SR 0.5 billion respectively (December 31, 2023: SR 19.2 billion, SR 0.7 billion and SR 0.5 billion).

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16. FINANCIAL RISK MANAGEMENT

a) Accounting classification and fair values

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 doesn't 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.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

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16. FINANCIAL RISK MANAGEMENT (continued)

a) Accounting classification and fair values (continued)

	Carrying amount				Fair Value			
	Mandatorily at FVTPL - others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
March 31, 2024 (Unaudited)								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	22,871	--	--	--	--	--	22,871	22,871
Future exchange contracts used for hedging	--	--	81,698	--	--	81,698	--	81,698
Equity securities (Note 6)	--	--	--	99,341	4,522	54,531	40,288	99,341
	<u>22,871</u>	<u>--</u>	<u>81,698</u>	<u>99,341</u>	<u>4,522</u>	<u>136,229</u>	<u>63,159</u>	<u>203,910</u>
<i>Financial liabilities measured at fair value</i>								
Future exchange contracts used for hedging	--	--	104,112	--	--	104,112	--	104,112
Other future exchange contracts	--	27,566	--	--	--	27,566	--	27,566
Put option	--	272,328	--	--	--	--	272,328	272,328
	<u>--</u>	<u>299,894</u>	<u>104,112</u>	<u>--</u>	<u>--</u>	<u>131,678</u>	<u>272,328</u>	<u>404,006</u>
	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 (Audited)								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	22,871	--	--	--	--	--	22,871	22,871
Future exchange contracts used for hedging	--	--	299,786	--	--	299,786	--	299,786
Equity securities (Note 6)	--	--	--	98,068	4,522	53,258	40,288	98,068
	<u>22,871</u>	<u>--</u>	<u>299,786</u>	<u>98,068</u>	<u>4,522</u>	<u>353,044</u>	<u>63,159</u>	<u>420,725</u>
<i>Financial liabilities measured at fair value</i>								
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
	<u>--</u>	<u>333,392</u>	<u>246,536</u>	<u>--</u>	<u>--</u>	<u>305,673</u>	<u>274,255</u>	<u>579,928</u>

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16. FINANCIAL RISK MANAGEMENT (continued)

b) Measurement of fair values

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

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurements</u>
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 option	Black Scholes Model	Strike price Volatility of Sugar index Spot price (fair value)	Increase in fair value will decrease the value of put option. Increase in volatility index will increase the value of Put option.

17. 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 condensed consolidated statement of financial position) less Cash and cash equivalents.

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17. CAPITAL MANAGEMENT (continued)

Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserves. The leverage ratio as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	20,573,699	20,428,143
Less: Cash and cash equivalents	(1,067,112)	(1,213,193)
Adjusted net debt	19,506,587	19,214,950
Total equity	9,554,852	9,534,520
Hedging reserve	2,039	20,409
Adjusted equity	9,556,891	9,554,929
Adjusted net debt to adjusted equity ratio	2.04	2.01

18. 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, 2024 and that are available for early adoption in annual periods beginning on January 1, 2024.

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IAS 1 Presentation of Financial Statements	Non-current Liabilities with covenants and classification of Liabilities as Current or Non-current	01 January 2024
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	01 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	01 January 2024

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18. 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 condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	01 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely

The standards, interpretations, and amendments with an effective date of January 1, 2025, will not have any material impact on the Group's condensed consolidated interim financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the Group's condensed consolidated interim financial statements on adoption.

19. SUDAN AND EGYPT 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 March 31, 2024, management believes that the possible impact is not material to the Group's operations.

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 monitoring the possible impacts of the hyperinflationary accounting on its operations in Egypt.

20. DATE OF AUTHORISATION FOR ISSUE

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on May 7, 2024, corresponding to Shawwal 28, 1445H.