

**SAVOLA GROUP COMPANY**  
(A Saudi Joint Stock Company)

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

For the three-month period and year ended December 31, 2021  
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 and year ended December 31, 2021

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## 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

## 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 December 31, 2021 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 December 31, 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period and year ended December 31, 2021;
- the condensed consolidated statement of changes in equity for the year ended December 31, 2021;
- the condensed consolidated statement of cash flows for the year ended December 31, 2021; 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 December 31, 2021 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, February 1, 2022  
Corresponding to Jumada Al Thani 29, 1443H

**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>	<b>December 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
<b>ASSETS</b>			
Property, plant and equipment		5,875,988	6,227,862
Right-of-use assets		3,313,227	3,912,128
Intangible assets and goodwill	4 & 12	1,857,275	911,810
Investment property		64,004	68,794
Equity-accounted investees	6	8,986,236	9,054,136
Investments at fair value through other comprehensive income	7	475,425	387,196
Long term deposits		7,549	7,547
Derivative		2,493	2,311
Deferred tax asset		24,721	29,800
<b>Non-current assets</b>		<b>20,606,918</b>	20,601,584
Inventories		3,601,668	3,067,033
Trade receivables		1,607,910	1,182,226
Prepayments and other receivables		1,372,976	1,111,371
Investments at fair value through profit or loss	7	27,069	2,792
Cash and bank balances	5	1,378,054	1,093,378
<b>Current assets</b>		<b>7,987,677</b>	6,456,800
<b>TOTAL ASSETS</b>		<b>28,594,595</b>	27,058,384
<b>EQUITY</b>			
Share capital	8	5,339,807	5,339,807
Share premium		342,974	342,974
Shares held under employees' share based payment plan	9	(30,433)	(16,509)
Statutory reserve	10	1,774,085	1,774,085
General reserve		4,000	4,000
Other reserves		(104,866)	(94,585)
Effect of transactions with non-controlling interests without change in control		(187,979)	(187,979)
Foreign currency translation reserve		(1,899,084)	(1,966,648)
Retained earnings		2,843,687	3,036,997
<b>Equity attributable to owners of the Company</b>		<b>8,082,191</b>	8,232,142
Non-controlling interests		1,017,422	932,412
<b>TOTAL EQUITY</b>		<b>9,099,613</b>	9,164,554
<b>LIABILITIES</b>			
Loans and borrowings	11	5,136,640	4,464,301
Lease liabilities		3,291,762	3,723,132
Employee benefits		879,707	803,870
Long-term payables		256,895	248,592
Derivative		164,220	190,562
Provision against asset restoration		148,006	146,466
Deferred tax liability		140,707	133,051
<b>Non-current liabilities</b>		<b>10,017,937</b>	9,709,974
Loans and borrowings	11	3,324,513	2,436,015
Lease liabilities		565,903	642,881
Trade payables		2,958,461	2,474,998
Accrued and other liabilities		2,628,168	2,629,962
<b>Current liabilities</b>		<b>9,477,045</b>	8,183,856
<b>TOTAL LIABILITIES</b>		<b>19,494,982</b>	17,893,830
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,594,595</b>	27,058,384

The accompanying notes 1 to 23 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**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	Three-month period ended December 31		Year ended December 31	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Audited)
Revenues	17	<b>6,746,380</b>	5,184,705	<b>24,660,278</b>	21,701,941
Cost of revenues	17	<b>(5,619,574)</b>	(4,110,435)	<b>(20,182,553)</b>	(17,061,558)
<b>Gross profit</b>		<b>1,126,806</b>	1,074,270	<b>4,477,725</b>	4,640,383
Share of results in investment in equity-accounted investees, net of zakat and tax		<b>107,808</b>	123,375	<b>557,066</b>	704,148
Administrative expenses		<b>(241,817)</b>	(242,419)	<b>(884,792)</b>	(852,787)
Selling and distribution expenses		<b>(645,657)</b>	(677,178)	<b>(2,714,075)</b>	(2,781,370)
Impairment loss	12	<b>(421,866)</b>	(49,550)	<b>(421,866)</b>	(49,550)
<b>Results from operating activities</b>		<b>(74,726)</b>	228,498	<b>1,014,058</b>	1,660,824
Finance income		<b>48,565</b>	45,089	<b>88,282</b>	79,423
Finance cost		<b>(150,486)</b>	(171,389)	<b>(577,087)</b>	(621,243)
<b>Net finance cost</b>		<b>(101,921)</b>	(126,300)	<b>(488,805)</b>	(541,820)
Reversal of provision no longer required		--	--	--	21,003
Zakat and income tax expense	13	<b>(38,920)</b>	(36,463)	<b>(128,681)</b>	(118,711)
<b>Net (loss) / profit for the period / year</b>		<b>(215,567)</b>	65,735	<b>396,572</b>	1,021,296
<b>Other Comprehensive Income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Re-measurements of the defined benefit liability		<b>(18,333)</b>	39,428	<b>(18,333)</b>	(13,640)
Investments at fair value through other comprehensive income – net change in fair value		<b>(119,864)</b>	(35,866)	<b>50,720</b>	39,606
<i>Items that are or may be reclassified to profit or loss</i>					
Foreign operations - foreign currency translation differences		<b>97,579</b>	(20,778)	<b>85,740</b>	(206,378)
Investment in equity accounted investees – share of Other Comprehensive Income		<b>(15,104)</b>	25,510	<b>(60,408)</b>	39,430
Cash flow hedges - effective portion of changes in fair value		<b>(27,702)</b>	1,458	<b>(7,498)</b>	5,772
<b>Other comprehensive (loss) / income</b>		<b>(83,424)</b>	9,752	<b>50,221</b>	(135,210)
<b>Total comprehensive (loss) / income for the period / year</b>		<b>(298,991)</b>	75,487	<b>446,793</b>	886,086

The accompanying notes 1 to 23 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 (CONTINUED)**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	Three-month period ended December 31		Year ended December 31	
		<u>2021</u> (Unaudited)	<u>2020</u> (Unaudited)	<u>2021</u> (Unaudited)	<u>2020</u> (Audited)
<b>(Loss) / profit for the period / year attributable to:</b>					
Owners of the Company		<b>(254,362)</b>	44,727	<b>221,879</b>	910,802
Non-controlling interests		<b>38,795</b>	21,008	<b>174,693</b>	110,494
<b>(Loss) / profit for the period / year</b>		<b><u>(215,567)</u></b>	<u>65,735</u>	<b><u>396,572</u></b>	<u>1,021,296</u>
<b>Total comprehensive (loss) / income for the period / year attributable to:</b>					
Owners of the Company		<b>(346,444)</b>	66,406	<b>258,382</b>	817,194
Non-controlling interests		<b>47,453</b>	9,081	<b>188,411</b>	68,892
<b>Total comprehensive (loss) / income for the period / year</b>		<b><u>(298,991)</u></b>	<u>75,487</u>	<b><u>446,793</u></b>	<u>886,086</u>
<b>(Loss) / earnings per share attributable to the Owners of the Company (in Saudi Riyals):</b>					
Basic and diluted	15	<b><u>(0.48)</u></b>	<u>0.08</u>	<b><u>0.42</u></b>	<u>1.71</u>

The accompanying notes 1 to 23 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 year ended December 31, 2021

(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
<b>Balance at January 1, 2021</b>	<b>5,339,807</b>	<b>342,974</b>	<b>(16,509)</b>	<b>1,774,085</b>	<b>4,000</b>	<b>(94,585)</b>	<b>(187,979)</b>	<b>(1,966,648)</b>	<b>3,036,997</b>	<b>8,232,142</b>	<b>932,412</b>	<b>9,164,554</b>
<u>Total comprehensive income / (loss)</u>												
(Loss) / profit for the year	--	--	--	--	--	--	--	--	221,879	221,879	174,693	396,572
Other comprehensive income / (loss)	--	--	--	--	--	(16,287)	--	67,564	(14,774)	36,503	13,718	50,221
	--	--	--	--	--	(16,287)	--	67,564	207,105	258,382	188,411	446,793
Charge for equity-settled employees' share based payment plan (Note 9)	--	--	--	--	--	6,006	--	--	--	6,006	58	6,064
Purchase of shares held under employees' share based payment plan (Note 9)	--	--	(13,924)	--	--	--	--	--	--	(13,924)	--	(13,924)
Dividends (Note 8)	--	--	--	--	--	--	--	--	(400,486)	(400,486)	(103,459)	(503,945)
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	71	71	--	71
<b>Balance at December 31, 2021</b>	<b>5,339,807</b>	<b>342,974</b>	<b>(30,433)</b>	<b>1,774,085</b>	<b>4,000</b>	<b>(104,866)</b>	<b>(187,979)</b>	<b>(1,899,084)</b>	<b>2,843,687</b>	<b>8,082,191</b>	<b>1,017,422</b>	<b>9,099,613</b>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the year ended December 31, 2020

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											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	Non-controlling interests	
Balance at January 1, 2020	5,339,807	342,974	--	1,774,085	4,000	(179,230)	(187,979)	(1,792,396)	2,288,979	7,590,240	948,830	8,539,070
<u>Total comprehensive income / (loss) for the year</u>												
Profit for the year	--	--	--	--	--	--	--	--	910,802	910,802	110,494	1,021,296
Other comprehensive income / (loss)	--	--	--	--	--	83,234	--	(174,252)	(2,590)	(93,608)	(41,602)	(135,210)
	--	--	--	--	--	83,234	--	(174,252)	908,212	817,194	68,892	886,086
Charge for equity-settled employees' share based payment plan (Note 9)	--	--	--	--	--	1,411	--	--	--	1,411	--	1,411
Purchase of shares held under employees' share based payment plan (Note 9)	--	--	(16,509)	--	--	--	--	--	--	(16,509)	--	(16,509)
Dividends (Note 8)	--	--	--	--	--	--	--	--	(160,194)	(160,194)	(85,310)	(245,504)
Balance at December 31, 2020	<u>5,339,807</u>	<u>342,974</u>	<u>(16,509)</u>	<u>1,774,085</u>	<u>4,000</u>	<u>(94,585)</u>	<u>(187,979)</u>	<u>(1,966,648)</u>	<u>3,036,997</u>	<u>8,232,142</u>	<u>932,412</u>	<u>9,164,554</u>

The accompanying notes 1 to 23 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)**

For the year ended December 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>			
Profit for the year		396,572	1,021,296
Adjustments for:			
Depreciation and amortisation		1,069,935	1,121,571
Net finance cost		488,805	541,820
Share of results in investment in equity accounted investees, net of zakat and tax		(557,066)	(704,148)
Share based payment expense	9	6,317	1,411
Reversal of provision no longer required		--	(21,003)
Impairment loss	12	421,866	49,550
Loss / (gain) on sale of property, plant and equipment		21,878	(1,373)
Zakat and income tax expense		128,681	118,711
		<u>1,976,988</u>	<u>2,127,835</u>
<b>Changes in:</b>			
Inventories		(545,864)	(485,152)
Trade receivables		(428,167)	(82,521)
Prepayments and other receivables		(263,491)	(167,890)
Trade payables		478,577	285,525
Employee benefits		57,587	56,669
Accrued and other liabilities		322,858	544,375
<b>Cash generated from operating activities</b>		<u>1,598,488</u>	<u>2,278,841</u>
Finance cost paid		(347,198)	(340,796)
Zakat and income tax paid		(74,321)	(113,047)
<b>Net cash generated from operating activities</b>		<u>1,176,969</u>	<u>1,824,998</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(449,843)	(463,799)
Proceeds from sale of property, plant and equipment		18,841	11,405
Acquisition of investments	7	(37,510)	--
Net investment in FVTPL investments		(24,277)	23,724
Proceeds from investments		--	14,097
Capital distribution from equity accounted investee		(147,704)	--
Dividends received		351,549	306,098
Acquisition of subsidiaries, net of cash acquired	4	(977,544)	--
<b>Net cash used in investing activities</b>		<u>(1,266,488)</u>	<u>(108,475)</u>
<b>Cash flows from financing activities</b>			
Net change in loans and borrowings – current		748,159	(1,103,514)
Net change in loans and borrowings - non-current		673,383	555,410
Net changes in bank deposits with maturity more than three months		(115,164)	(213,776)
Dividends paid		(402,315)	(160,025)
Payment of lease liabilities		(669,663)	(663,779)
Net changes in non-controlling interests		(103,459)	(85,310)
Purchase of shares held under employees' share based payment Plan	9	(13,924)	(16,509)
<b>Net cash generated from / (used in) financing activities</b>		<u>117,017</u>	<u>(1,687,503)</u>

The accompanying notes 1 to 23 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 year ended December 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Net change in cash and cash equivalents</b>		<b>27,498</b>	29,020
Effect of movement in exchange rates on cash and cash equivalents		<b>(1,898)</b>	(30,159)
Cash and cash equivalents at beginning of the year		<u>496,494</u>	<u>497,633</u>
<b>Cash and cash equivalents at end of the year</b>	5	<u><b>522,094</b></u>	<u>496,494</u>
<b>Supplemental schedule of non-cash financial information:</b>			
Other reserves		<u>(17,186)</u>	<u>84,808</u>
Foreign currency translation reserve		<u>85,740</u>	<u>(206,378)</u>
Actuarial reserve		<u>(18,333)</u>	<u>(13,640)</u>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the year ended December 31, 2021

(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-ul-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.

At December 31, 2021, 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>December 31, 2021</u>	<u>December 31, 2020</u>
Savola Foods Company ("SFC")	Saudi Arabia	Foods	<b>100</b>	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	<b>98.87</b>	98.87
Good Food Company ("GFC")	Saudi Arabia	Holding company	<b>100</b>	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate	<b>80</b>	80
Herfy Food Services Company	Saudi Arabia	Restaurant & manufacturing bakery products	<b>49</b>	49

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the year ended December 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

**(I) Direct subsidiaries of the Company (continued)**

ii) Dormant and Holding subsidiaries

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
Adeem Arabia Company	Saudi Arabia	Holding company	<b>100</b>	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	<b>100</b>	100
Al Matana Holding Company	Saudi Arabia	Holding company	<b>100</b>	100
Madarek Investment Company	Jordan	Holding company	<b>100</b>	100
United Properties Development Company	Saudi Arabia	Dormant company	<b>100</b>	100
Subsidiaries controlled through Al Matana Holding Company:				
SGC Ventures Limited	Cayman Islands	Holding company	<b>100</b>	--
SGC Marketplace Venture	Cayman Islands	Holding company	<b>100</b>	--

**(II) Savola Foods Company**

The Parent Company has a 100% (December 31, 2020: 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, marketing and distribution of products including edible oil, pasta, sugar, seafood, confectionery, and agro cultivation, in the local and overseas market.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the year ended December 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

**(II) Savola Foods Company (continued)**

Subsidiaries controlled through Savola Foods Company:

<b><u>Subsidiary name</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal business activity</u></b>	<b><u>Direct ownership interest (%)</u></b>	
			<b><u>December 31, 2021</u></b>	<b><u>December 31, 2020</u></b>
Afia International Company (“AIC”)*	Saudi Arabia	Manufacturing of edible oils	<b>95.19</b>	95.19
Savola Industrial Investment Company (“SIIC”)	Saudi Arabia	Holding company	<b>100</b>	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	<b>100</b>	100
Savola Foods Emerging Markets Company Limited	British Virgin Islands (BVI)	Holding company	<b>95.43</b>	95.43
Afia International Distribution and Marketing Company (“ADC”)*	Saudi Arabia	Trading and distribution	--	99
Savola Foods for Sugar Company	Cayman Islands	Holding company	<b>95</b>	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	<b>100</b>	100
International Foods Industries Company Limited (“IFI”)	Saudi Arabia	Manufacturing of specialty fats	<b>100</b>	100
Seafood International Two FZCO**	UAE	Seafood products trading and distribution	<b>100</b>	60
Afia Foods Arabia	Saudi Arabia	Dormant company	<b>100</b>	100
Seafood International Holdco (Note 4)	Cayman Islands	Holding company	<b>100</b>	50
Al Maoun International Holding Company	Saudi Arabia	Holding company	<b>100</b>	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	<b>100</b>	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	<b>100</b>	100
Snacking and Ingredients Food Holding Company Limited (“SIFCO”)	UAE	Holding company	<b>100</b>	--
<b>SIFCO</b>				
Bayara Holding Limited (Note 4)	Cayman Islands	Holding company	<b>100</b>	--

\* The Group has merged the operations of ADC with AIC during 2021. As at December 31, 2021, the related legal formalities have been completed.

\*\* During the year, the Group has acquired the remaining stake based on the share purchase agreement dated February 15, 2021.

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**1. GENERAL INFORMATION (continued)**

**(II) Savola Foods Company (continued)**

a) Subsidiaries controlled through Afia International Company:

<b><u>Subsidiary name</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal business activity</u></b>	<b><u>Direct ownership interest (%)</u></b>	
			<b><u>December 31, 2021</u></b>	<b><u>December 31, 2020</u></b>
Savola Behshahr Company (“SBcC”)	Iran	Holding company	<b>90</b>	90
Malintra Holdings	Luxembourg	Dormant company	<b>100</b>	100
Savola Foods Limited (“SFL”)	BVI	Holding company	<b>100</b>	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	<b>98.57</b>	98.57
Inveskz Inc.	BVI	Holding company	<b>90</b>	90
Afia Trading International	BVI	Dormant company	<b>100</b>	100
Savola Foods International	BVI	Dormant company	<b>100</b>	100
KUGU Gıda Yatım Ve Ticaret A.Ş (“KUGU”)	Turkey	Holding company	<b>100</b>	100
Aseel Food – Hold Co.	Cayman Island	Holding company	<b>100</b>	100
<b><u>SBeC</u></b>				
Behshahr Industrial Company	Iran	Manufacturing of edible oils	<b>79.9</b>	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	<b>100</b>	100
Savola Behshahr Sugar Company	Iran	Trading and distribution	<b>100</b>	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	<b>90</b>	90
<b><u>SFL</u></b>				
Afia International Company, Egypt (“AICE”)	Egypt	Manufacturing of edible oils	<b>99.95</b>	99.95
<b><u>AICE</u></b>				
Savola For Export and Import*	Egypt	Trading and distribution	<b>49%</b>	--
<b><u>KUGU</u></b>				
Savola Gıda Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	<b>100</b>	100

\* During the year, the Group incorporated a subsidiary for the purposes of its export and import business in Egypt.

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**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>December 31, 2021</u>	<u>December 31, 2020</u>
United Sugar Company (“USC”)	Saudi Arabia	Manufacturing of sugar	<b>74.48</b>	74.48
<b><u>USC</u></b>				
Alexandria Sugar Company, Egypt (“ASCE”)*	Egypt	Manufacturing of sugar	<b>62.13</b>	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	<b>100</b>	100
<b><u>ASCE</u></b>				
Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	<b>100</b>	100

c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:

Savola Morocco Company	Morocco	Manufacturing of edible oils	<b>100</b>	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	<b>100</b>	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	<b>100</b>	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

Modern Behtaam Royan Kaveh Company	Iran	Food and confectionery	<b>100</b>	100
Middle East Technology Ventures Limited	Cayman Island	Holding Company	<b>100</b>	100

e) Subsidiaries controlled through Al Maoun and Marasina

Alofog Trading DMMC	UAE	Trading and distribution	<b>100</b>	100
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f) Subsidiaries controlled through Seafood International Two FZCO

Seafood International One FZCO	UAE	Seafood products distribution	<b>80</b>	80
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\* The effective ownership interest in ASCE is 71.66% (December 31, 2020: 71.66%).

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**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>December 31, 2021</u>	<u>December 31, 2020</u>
GYMA Food Industries *	UAE	Processing of spices, nuts and pulses	48	--
Bayara Egypt Limited (under liquidation)	Egypt	Dormant company	100	--
Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	100	--
Bayara FZE Limited	UAE	Holding Company	100	--
Kandoo Worldwide Limited	BVI	Dormant company	100	--
Kamali Investment Limited	UAE	Holding Company	100	--
Profood Holdings Limited	UAE	Dormant company	100	--

\* The effective ownership interest in GYMA Food Industries is 100% (December 31, 2020: nil).

**(III) Panda Retail Company**

The Parent Company has a 98.87% (December 31, 2020: 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.



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**1. GENERAL INFORMATION (continued)**

**(III) Panda Retail Company (continued)**

Subsidiaries controlled through Panda:

<b><u>Subsidiary name</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal business activity</u></b>	<b><u>Direct ownership interest (%)</u></b>	
			<b><u>December 31, 2021</u></b>	<b><u>December 31, 2020</u></b>
Giant Stores Trading Company	Saudi Arabia	Retail	<b>100</b>	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	<b>100</b>	100
Panda International for Retail Trading	Egypt	Retail	<b>100</b>	100
Panda Bakeries Company	Saudi Arabia	Dormant company	<b>100</b>	100
Atabet Al Bab Communications and Information Technology LLC (Note 4)	Saudi Arabia	E-commerce	<b>100</b>	--

**Giant**

Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	<b>95</b>	95
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**(IV) Good Food Company**

The Parent Company has a 100% (December 31, 2020: 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.

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**1. GENERAL INFORMATION (continued)**

**(IV) Good Food Company (continued)**

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

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Ownership interest (%)</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</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
Sahar Enterprises Company	UAE	Trading and distribution	51	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	51	51
Al Kabeer Holding Limited	UAE	Holding Company	51	51
Best Foodstuff Trading Company	UAE	Trading and distribution	51	51

Subsidiaries controlled through Al Kabeer Holding Limited:

Cascade Investments Limited (CIL)	UAE	Investment company	100	100
Cascade Marine Foods Company	UAE	Manufacturing of frozen food	100	100
Al Sabah Foodstuff Enterprises Company	UAE	Trading and distribution	100	100
Best Foods Company	Oman	Trading and distribution	100	100

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**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, 2020 (“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 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 year’s presentation.

**ii) Functional and presentation currency**

These condensed consolidated interim 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 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.

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**3. SIGNIFICANT 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, 2020. A number of amendments to standards which are effective from January 1, 2021 and certain reclassifications made to the comparative amounts, do not have a material effect on these condensed consolidated interim financial statements.

**4. ACQUISITION OF SUBSIDIARIES**

**a) Bayara Holding Limited**

During the year, the Group through its 100% owned subsidiary Snacking and Ingredients Food Holding Company Limited (SIFCO) acquired 100% shares of Bayara Holding Limited, in accordance with the terms and conditions of Share Purchase Agreement for a cash consideration of SR 975 million. The related formalities were completed on October 13, 2021.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations. The Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. Accordingly, the Group has provisionally accounted for the transaction based on the provisional fair values of the acquired assets and liabilities as of the acquisition date. The following table summarises the provisional fair values of assets acquired, and liabilities assumed at the date of acquisition:

	<b>October 13, 2021</b>
Property, plant and equipment	36,020
Right-of-use assets	31,416
Inventories	72,490
Trade receivables – net	88,014
Prepayments and other receivables	5,032
Cash and cash equivalents	8,455
Lease liabilities	(31,941)
Loans and borrowings	(21,992)
Trade payables and other liabilities	(65,455)
Total identifiable net assets acquired	<u><u>122,039</u></u>

Adjustments to the provisional fair values will be finalised within one year of the date of acquisition as allowed by IFRS 3.

The provisional goodwill and intangible assets arising from the acquisition has been recognized as follows:

Consideration transferred	975,260
Less: Fair value of identifiable net assets acquired	<u>(122,039)</u>
Provisional goodwill and intangible assets	<u><u>853,221</u></u>

The Group incurred acquisition-related costs amounting to SR 10.6 million on legal fees and due diligence costs. These costs have been included in 'Administrative expenses'.

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**4. ACQUISITION OF SUBSIDIARIES (continued)**

**b) Atabet Al Bab Communications and Information Technology LLC**

During the year, in accordance with the terms and conditions of the Share Purchase Agreement, Panda Retail Company acquired 100% ownership interest of Atabet Al Bab Communications and Information Technology LLC for a consideration of SR 21.75 million. The related formalities were completed on January 27, 2021.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	<b>January 27, <u>2021</u></b>
Total consideration	21,753
Cash and bank balances	2,988
Accrued and other liabilities	(7,108)
Total identifiable net liabilities assumed	(4,120)
Goodwill	<b><u>25,873</u></b>

**c) SeaFood International Holdco**

During the year, in accordance with the terms and conditions of the Share Purchase Agreement, SFC acquired control by acquiring the remaining 50% ownership interest in Seafood International Holdco, for a cash consideration of SR 4.9 million. The related formalities were completed on September 30, 2021.

The Group has provisionally accounted for the transaction based on the carrying values of the identifiable assets and liabilities as of the acquisition date and recognised a provisional goodwill amounting to SR 7.9 million.

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**5. CASH AND BANK BALANCES**

	<b>December 31, 2021</b>	December 31, 2020
Cash in hand	29,822	27,319
Cash at bank- current account	754,180	557,159
Term deposits (Note 5.1)	594,052	508,900
Cash and bank balances	<b>1,378,054</b>	1,093,378
Deposits with maturity more than three months	<b>(587,354)</b>	(480,287)
Bank overdrafts	<b>(268,606)</b>	(116,597)
Cash and cash equivalents for cash flow purposes	<b>522,094</b>	496,494

5.1 Term deposits are held by commercial banks and yield commission income at prevailing market rates.

**6. EQUITY ACCOUNTED INVESTEEES**

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

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal business sector</u>	<u>Ownership interest (%)</u>		<u>Amount</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Almarai Company	Saudi Arabia	Fresh food products	<b>34.52</b>	34.52	<b>8,293,365</b>	8,164,051
Kinan International for Real Estate Development Company ("Kinan")	Saudi Arabia	Real estate	<b>29.9</b>	29.9	<b>287,612</b>	388,514
United Sugar Company, Egypt ("USCE") (Note 6.1)	Egypt	Manufacturing of sugar	<b>33.82</b>	33.82	<b>227,690</b>	280,854
Al-Seera City Company for Real Estate Development	Saudi Arabia	Real estate	<b>40</b>	40	<b>143,911</b>	144,138
United Edible Oils Holding Limited (Note 6.2)	Cayman Islands	Holding company	<b>51</b>	51	<b>4,724</b>	41,121
Intaj Capital Limited	Republic of Tunisia	Fund management	<b>49</b>	49	<b>13,046</b>	13,046
Knowledge Economic City Developers Company	Saudi Arabia	Real estate	<b>2.07</b>	2.07	<b>15,888</b>	15,905
Seafood International One FZCO (Note 6.3)	UAE	Seafood products distribution	--	40	--	--
Seafood International Holdco. (Note 4)	Cayman Islands	Holding Company	--	50	--	6,507
					<b>8,986,236</b>	9,054,136

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**6. EQUITY ACCOUNTED INVESTEEES (continued)**

- 6.1 During the year ended December 31, 2021, the Group has adjusted the carrying value of its investment in USCE based on its fair value and recorded an impairment loss amounting to SR 58.8 million. The fair value is assessed using income approach under “IFRS 13 – Fair value measurement”. The significant assumptions used are as follows:

EBITDA margin	3.8%
Long term growth rate	2.6%
Discount rate	9%

The analysis below considers a change in one assumption while keeping all other variables constant:

- If forecast EBITDA margins decrease by 5bps (3.75% over FY22-FY26), the value will decline by SR 8.6 million;
- If the discount rate increases by 10 bps, the value will decline by SR 5.6 million; and
- If the long-term rate growth rate decreases by 5 bps, the value will decline by SR 1.5 million.

Further, at the reporting date, the put and call options have been re-measured at fair value using “Black Scholes” model and changes therein have been recognised under finance cost amounting to a net gain of SR 26.5 million (2020: net loss of SR 2.2 million).

- 6.2 During the year ended December 31, 2021, the Group has recorded share of results from United Edible Oils Holding Limited, including an impairment loss on items of PPE based on recoverable amount in accordance with “IAS 36 – Impairment of Assets”. The resulting impairment loss amounting to SR 29.1 million was estimated using discounted cashflows model (over a period of 10 years).
- 6.3 During the year ended December 31, 2021, due to acquisition of additional stake of Seafood International Two FZCO, the related investment is recognized as an investment in subsidiary.

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**7. INVESTMENTS**

	<b>December 31, 2021</b>	December 31, 2020
Investments at fair value through other comprehensive income (note 7.1)	<b>475,425</b>	387,196
Investments at fair value through profit or loss	<b>27,069</b>	2,792

**7.1 Investments at fair value through other comprehensive income**

	<b>Principal business sector</b>	<b>Country of incorporation</b>	<b>Ownership interest (%)</b>		<b>Amount</b>	
			<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b><u>Quoted investments</u></b>						
Knowledge Economic City	Real Estate	Saudi Arabia	<b>6.4</b>	6.4	<b>315,896</b>	258,033
Emaar the Economic City	Real Estate	Saudi Arabia	<b>0.9</b>	0.9	<b>79,988</b>	68,555
Arab Phoenix Holdings Company	Real Estate	Jordan	<b>5</b>	5	--	--
<b><u>Unquoted investments</u></b>						
Swicorp Company	Investment Management	Saudi Arabia	<b>15</b>	15	<b>29,656</b>	60,608
Capiter	E-commerce	Republic of Mauritius	<b>4.25</b>	--	<b>26,255</b>	--
Maplebear Inc.	Retail Technology	United States of America	--	--	<b>23,630</b>	--
Joussour Holding Company (under liquidation)	Holding Company	Saudi Arabia	<b>14.81</b>	14.81	--	--
					<b>475,425</b>	<b>387,196</b>

7.1.1 The Group has applied an appropriate market participant discount factor in valuing certain quoted investments due to the security-specific restrictions on disposal. Accordingly, these investments have been classified as level 2 securities.

**8. SHARE CAPITAL AND DIVIDEND DECLARATION**

At December 31, 2021 and December 31, 2020, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

On April 28, 2021, the Company's shareholders in their Extraordinary General Assembly Meeting approved dividends amounting to SR 400.49 million representing Saudi Riyal 0.75 per share for the year ended 31 December 2020.

Subsequent to year end, the Company's Board of Directors have recommended final dividend amounting to SR 106.80 million representing Saudi Riyal 0.20 per share for the approval by the shareholders.



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**9. 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:

<b><u>Description</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Grant date	September 10, 2021	September 10, 2020
Total number of shares granted	403,647	341,675
Service / vesting period	3 years	3 years
Fair value per share on grant date	SR 39.25	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 year ended December 31, 2021 under the Plan amounted to SR 6.3 million (December 31, 2020: SR 1.4 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’.

On April 28, 2021, the Company’s shareholders in their Extraordinary General Assembly Meeting approved buy-back of 1,200,000 treasury shares under the Employees Long Term Incentive Program (LTIP) for the executives of Savola Group and its subsidiaries.

During the year ended December 31, 2021, the Group purchased 349,076 (December 31, 2020: 341,675) treasury shares amounting to SR 13.9 million (December 31, 2020: SR 16.5 million) in connection with the Plan. This includes shares funded by certain subsidiaries that are held by the Company in fiduciary capacity until vesting.

As at December 31, 2021, the number of shares to be vested are 634,086 (December 31, 2020: 276,097), after forfeiture of 111,236 shares (December 31, 2020: 65,578 shares) due to the non-completion of service condition of certain employees.

**10. STATUTORY RESERVE**

In accordance with the Company’s bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made.

The statutory reserve in the condensed consolidated interim financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

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**11. 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:

	<b>December 31, 2021</b>	December 31, 2020
<b>Non-current liabilities</b>		
Secured bank loans	<b>69,986</b>	121,757
Unsecured bond issues (Sukuk) (note 11.2)	<b>1,000,000</b>	1,000,000
Unsecured bank loans	<b>4,066,654</b>	3,342,544
	<b>5,136,640</b>	4,464,301
<b>Current liabilities</b>		
Current portion of secured bank loans	<b>54,311</b>	56,227
Current portion of unsecured bank loans	<b>477,595</b>	502,640
Secured bank loan	<b>157,636</b>	21,084
Unsecured bank loans	<b>2,366,365</b>	1,739,467
Bank overdraft	<b>268,606</b>	116,597
	<b>3,324,513</b>	2,436,015
	<b>8,461,153</b>	6,900,316

- 11.1 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, Moroccan Dirham, 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, 2021, loans and borrowings include sharia-compliant financing facilities amounting to SR 7.1 billion (December 31, 2020: SR 5.9 billion).
- 11.2 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.
- 11.3 Property, plant and equipment amounting to SR 133 million (December 31, 2020: SR 252 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.
- 11.4 Inventories amounting to SR 93 million (December 31, 2020: SR 98 million) are pledged with foreign banks as collateral against the bank borrowing facilities of certain overseas subsidiaries.
- 11.5 As at December 31, 2021, the Group has unused bank financing facilities amounting to SR 4.4 billion (December 31, 2020: SR 4.8 billion) to manage short term and long term liquidity requirements.

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**12. IMPAIRMENT 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 12(a) and 12(c).

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 amortization (EBITDA) taking into account past experience, and following factors:

- (i) Estimated revenue and EBITDA growth for future five years based on expected sales volume and price growth for these years.
- (ii) 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 pre-zakat 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 79.9% at a post Zakat cost of debt of 3.7%.

a) *Impairment loss on recoverable amount of non-current assets excluding freehold land:*

During the year, the Group has recognised an impairment loss of SR 127.3 million (2020: SR 53.9 million) against right-of-use assets, impairment loss of SR 173.8 million (2020: SR 0.3 million) against items of property, plant and equipment and impairment loss of SR 12.6 million against intangible assets, due to 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 10.3% to 11.4% on a post-Zakat basis and were projected up to the year 2026.

The key assumptions used for determination of recoverable amounts are as follows:

	<u>2021</u>	<u>2020</u>
Budgeted gross margin	<b>19.7% to 28.4%</b>	21.5% to 29.7%
Revenue growth rate	<b>3.6%</b>	-6.6% to 69.9%
Operating expenses as percentage of sale	<b>12.5% to 31.6%</b>	14.1% to 32.0%
Budgeted EBITDA margins	<b>-10.9% to 13.2%</b>	-4.5% to 13.7%
Discount rate	<b>10.3% to 11.4%</b>	10.2% to 13.3%
Terminal growth value	<b>2.0%</b>	2.0%

The calculation of value-in-use is most sensitive to the following key assumptions used:

- Discount rate applied to cash flows projections
- Revenue growth rate
- EBITDA margins and
- Terminal Growth rate

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**12. IMPAIRMENT LOSS (continued)**

b) *Impairment loss / reversal on recoverable amount of freehold land parcels:*

The Group recognized an impairment loss of SR 36 million (2020: impairment reversal of SR 4.7 million) on freehold land, due to unfavorable changes in market dynamics.

The recoverable amount is based on “comparable” method and was determined at the level of individual assets as identified by management. 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 property in question and an adjustment in value was made for comparative deficiencies and advantages.

c) *Impairment loss on goodwill:*

An impairment loss of SR 13.2 million was recognized during the year ended December 31, 2021 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, are as follows:

	<u>2021</u>
Budgeted gross margin	<b>17.3% to 20.8%</b>
Weighted average revenue growth rate	<b>30.6%</b>
Operating expenses	<b>17.6% to 36.4%</b>
Budgeted EBITDA margins	<b>-17.6% to 3.2%</b>
Discount rate	<b>12.0%</b>
Terminal growth value	<b>2.0%</b>

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.

**13. ZAKAT AND INCOME TAXES**

**(a) Zakat status**

During the year 2019, the Company has finalised its Zakat status for the years 2005 to 2018. The Zakat, Tax and Customs Authority (“ZATCA”) (previously known as General Authority of Zakat and Income Tax) 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 amended returns which resulted in an assessment of SR 5.4 million. During the year 2020, the ZATCA issued a revised claim amounting to SR 53 million, for the previously finalized years from 2014 to 2018. The management has escalated an objection against the said claim to the level of General Secretariat of Tax Committees 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 Company has open years 1999 and 2000, for which there is an ongoing objection of SR 1.9 million against the assessment issued by ZATCA.

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**13. ZAKAT AND INCOME TAXES (continued)**

**(a) Zakat status (continued)**

Certain subsidiaries in the foods processing sector have also received final or provisional zakat certificates until the year 2020. Accordingly, payment plans have been pursued as per the agreement with ZATCA and liabilities have been adjusted against the final settlement amounts. Further, the ZATCA claimed additional zakat amounting to SR 63 million in relation to a subsidiary for certain years previously finalized. As a result of objection filed by the subsidiary against these claims, the ZATCA issued a revised assessment with no additional liability. Moreover, the ZATCA recently issued an additional claim amounting to SR 69.7 million for another subsidiary for the years 2015 to 2018. The subsidiary has escalated an objection against the said claim to the level of General Secretariat of Tax Committees and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these condensed consolidated interim financial statements.

Also, the Group has pending appeals against additional claims and assessments of certain subsidiaries with total Zakat differences of SR 35.9 million (December 31, 2020: approximately SR 7.8 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.

**14. CONTINGENCIES AND COMMITMENTS**

	<b>December 31, <u>2021</u></b>	<b>December 31, <u>2020</u></b>
	<b><u>Amounts in millions</u></b>	
Letters of credits	<b>58</b>	79
Bank guarantees	<b>122</b>	86
Commitments to buy raw sugar	<b>405</b>	252
Commitments to sell refined sugar	<b>824</b>	450
Capital commitments	<b>51</b>	47
	<b><u>Quantity in Metric tonnes</u></b>	
Commitments to buy raw sugar	<b>234,500</b>	211,134
Commitments to sell refined sugar	<b>381,026</b>	243,655

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**15. EARNINGS PER SHARE**

Basic earnings per share for the year ended December 31, 2021 and December 31, 2020 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such years by the weighted average number of shares outstanding 533.531 million (December 31, 2020: 533.874 million) during such years.

Diluted earnings per share for the year ended December 31, 2021 and December 31, 2020, have been computed by dividing the profit attributable to shareholders of the Parent Company for such years by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares i.e. 533.981 million (December 31, 2020: 533.981 million).

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

	<b><u>Year ended December 31,</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Issued ordinary shares	<b>533,980,700</b>	533,980,700
Effect of treasury shares (note 9)	<b>(449,745)</b>	(106,423)
Weighted average number of ordinary shares outstanding	<b><u>533,530,955</u></b>	<b><u>533,874,277</u></b>

**16. 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.

**Transactions with key management personnel**

***Key management personnel compensation***

Compensation to the Group's key management personnel includes salaries, non-cash benefits, and post-employment benefits. The Group has recognised an expense of SR 29.4 million for the year ended December 31, 2021 (December 31, 2020: SR 31 million).

Board of Directors' remuneration for the year ended December 31, 2021 amounting to SR 2.2 million (December 31, 2020: SR 2.2 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit and loss. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 3.3 million (December 31, 2020: SR 2.9 million) are charged to expenses and included under administrative expenses.

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**16. RELATED PARTIES (continued)**

*Other related party transactions*

A number of companies transacted with the Group during the year. 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 year 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>December 31 2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<i><u>Due from related parties – Trade receivables</u></i>						
Certain shareholders of USC	Shareholders of a subsidiary	Trade	182,775	165,721	31,191	19,506
Certain shareholders of AIC	Shareholders of a subsidiary	Trade	90,622	75,889	15,448	17,761
Almarai	Associate	Trade	47,762	33,778	3,773	4,476
Western Bakeries Company Limited	Affiliate	Trade	59,830	43,585	8,073	3,068
USCE	Associate	Trade	4,607	2,626	--	--
					<u>58,485</u>	<u>44,811</u>

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**16. RELATED PARTIES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>December 31 2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b><u>Due from related parties – Prepayments and other receivables</u></b>						
USCE	Associate	Non-trade	<b>154,577</b>	--	<b>385</b>	--
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Non-trade	<b>6,985</b>	8,507	<b>2,760</b>	3,078
Waste Collection & Recycling Company	Affiliate	Non-trade	<b>5,683</b>	5,494	<b>4,249</b>	1,241
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company	Affiliate	Non-trade	<b>1,530</b>	963	<b>20,060</b>	21,590
Zohoor Alreef	Affiliate	Non-trade	<b>184</b>	335	<b>493</b>	374
Intaj Capital Limited	Associate	Non-trade	--	14,097	--	--
Seafood International One	Affiliate	Non-trade	--	2,728	--	--
					<b>27,947</b>	<b>26,283</b>
<b><u>Due to related parties – Trade payables</u></b>						
Almarai	Associate	Trade	<b>733,499</b>	813,686	<b>115,506</b>	109,769
Nestle Group	Affiliate	Trade	<b>343,704</b>	345,209	<b>44,398</b>	38,563
Mayar Food Company	Affiliate	Trade	<b>114,180</b>	105,880	<b>27,394</b>	22,454
Del Monte Saudi Arabia Limited	Affiliate	Trade	<b>95,557</b>	131,639	<b>3,242</b>	8,152
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	<b>14,920</b>	25,800	<b>1,494</b>	3,714
Al Manhal Water Factory Company Limited	Affiliate	Trade	<b>6,860</b>	5,834	<b>614</b>	1,493
USCE	Associate	Trade	--	23,455	--	29
Seafood International One	Affiliate	Trade	--	17,204	--	9,375
Al Jazirah Dates & Food Factory	Affiliate	Trade	--	32	<b>52</b>	52
					<b>192,700</b>	<b>193,601</b>



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**16. RELATED PARTIES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>December 31 2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b><u>Due to related parties – Accrued and other liabilities</u></b>						
Arabian Centers Company	Affiliate	Non-trade	<b>34,949</b>	34,726	--	--
Kinan	Associate	Non-trade	<b>28,952</b>	33,497	--	295
Dur Hospitality Company	Affiliate	Non-trade	<b>10,500</b>	10,500	--	--
USCE	Associate	Non-trade	--	34,709	--	73,937
Del Monte Saudi Arabia	Affiliate	Non-trade	<b>683</b>	555	--	--
Abdul Kader Al Muhaidib & Sons Co.	Shareholder	Non-trade	<b>266</b>	7,200	--	--
					--	74,232

**17. 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 in 2021 and 2020, are classified as "Others / Eliminations", which mainly include the eliminations.

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**17. 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 Foods	Investments		
<b>December 31, 2021</b>							
External revenues	12,317,742	10,474,039	1,273,836	594,661	--	--	24,660,278
Inter segment revenue	312,380	2,085	40,019	48,283	27,545	(430,312)	--
<b>Segment Revenue</b>	<b>12,630,122</b>	<b>10,476,124</b>	<b>1,313,855</b>	<b>642,944</b>	<b>27,545</b>	<b>(430,312)</b>	<b>24,660,278</b>
Cost of revenues	(11,102,140)	(8,136,660)	(929,354)	(414,207)	--	399,808	(20,182,553)
Impairment loss, net (Note 12)	(43,583)	(363,038)	--	--	(15,245)	--	(421,866)
Segment net profit / (loss) before non-controlling interests	375,441	(586,667)	161,013	72,095	374,690	--	396,572
Segment net profit / (loss)	315,555	(586,667)	161,013	72,095	374,690	(114,807)	221,879
Segment assets	9,513,061	6,367,759	1,911,628	978,322	13,556,785	(3,732,960)	28,594,595
Segment liabilities	7,113,542	6,018,835	855,145	721,383	5,523,366	(737,289)	19,494,982

	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food services	Frozen Foods	Investments		
<b>December 31, 2020</b>							
External revenues	8,377,952	11,610,718	1,035,564	677,707	--	--	21,701,941
Inter segment revenue	265,607	2,581	40,519	59,090	36,077	(403,874)	--
<b>Segment Revenue</b>	<b>8,643,559</b>	<b>11,613,299</b>	<b>1,076,083</b>	<b>736,797</b>	<b>36,077</b>	<b>(403,874)</b>	<b>21,701,941</b>
Cost of revenues	(7,355,996)	(8,775,749)	(824,182)	(473,428)	--	367,797	(17,061,558)
Impairment loss, net (Note 12)	--	(49,550)	--	--	--	--	(49,550)
Segment net profit before non-controlling interests	341,395	71,268	50,963	97,993	459,677	--	1,021,296
Segment net profit	311,172	71,268	50,963	97,993	459,677	(80,271)	910,802
Segment assets	7,301,862	7,224,174	1,949,078	1,001,831	14,062,985	(4,481,546)	27,058,384
Segment liabilities	5,133,571	6,277,683	988,927	721,201	5,562,601	(790,153)	17,893,830

**18. 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.

During the year ended December 31, 2021 the Group's foreign operations in Iran and Sudan were subject to hyperinflation and accordingly the reported amounts of the local operations have been adjusted in accordance with IAS 29. The official statistics published for Iran and Sudan have been used to estimate the hyperinflation accounting impact recorded during the year ended December 31, 2021.

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**18. HYPERINFLATIONARY ACCOUNTING (continued)**

The main effects on the Group's condensed consolidated interim financial statements due to hyperinflationary accounting (which includes both indexing up and using of closing exchange rate) for the years ended December 31 are as follows:

	<u>Year ended December 31, 2021</u>		
	<u>Iran</u>	<u>Sudan</u>	<u>Total</u>
Revenue increased by	97,583	549,989	647,572
Profit for the year decreased by	(7,085)	(8,654)	(15,739)
Total non-current assets increased / (decreased) by	(2,848)	46,350	43,502
Currency translation differences impacted by	28,796	75,829	104,625
	<u>Year ended December 31, 2020</u>		
	<u>Iran</u>	<u>Sudan</u>	<u>Total</u>
Revenue (decreased) / increased by	(83,388)	31,093	(52,295)
Profit for the year (decreased) / increased by	(5,278)	4,758	(520)
Total non-current assets increased by	94,728	825	95,553
Currency translation differences impacted by	113,203	(4,134)	109,069

The conversion factors used for the CPI adjustment for the year ended is given below:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Conversion factor for Iran	1.3514	1.4570
Conversion factor for Sudan	4.5050	3.6244

**19. 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.

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**19. FINANCIAL RISK MANAGEMENT (continued)**

**a) Accounting classification and fair values (continued)**

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 investments 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.

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**19. 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
<b>December 31, 2021</b>								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	27,069	--	--	--	812	26,257	--	27,069
Future exchange contracts used for hedging	--	--	116,905	--	--	116,905	--	116,905
Call option	--	2,493	--	--	--	--	2,493	2,493
Equity securities (Note 7)	--	--	--	475,425	--	475,425	--	475,425
	<u>27,069</u>	<u>2,493</u>	<u>116,905</u>	<u>475,425</u>	<u>812</u>	<u>618,587</u>	<u>2,493</u>	<u>621,892</u>
<i>Financial liabilities measured at fair value</i>								
Future exchange contracts used for hedging	--	--	26,474	--	--	26,474	--	26,474
Other future exchange contracts	--	5,761	--	--	--	5,761	--	5,761
Put option	--	164,220	--	--	--	--	164,220	164,220
	<u>--</u>	<u>169,981</u>	<u>26,474</u>	<u>--</u>	<u>--</u>	<u>32,235</u>	<u>164,220</u>	<u>196,455</u>
	Carrying amount				Fair Value			
	Mandatorily at FVTPL - others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
<b>December 31, 2020</b>								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	2,792	--	--	--	2,792	--	--	2,792
Future exchange contracts used for hedging	--	--	45,759	--	--	45,759	--	45,759
Call option	--	2,311	--	--	--	--	2,311	2,311
Equity securities (Note 7)	--	--	--	387,196	--	387,196	--	387,196
	<u>2,792</u>	<u>2,311</u>	<u>45,759</u>	<u>387,196</u>	<u>2,792</u>	<u>432,955</u>	<u>2,311</u>	<u>438,058</u>
<i>Financial liabilities measured at fair value</i>								
Future exchange contracts used for hedging	--	--	80,871	--	--	80,871	--	80,871
Other future exchange contracts	--	127,239	--	--	--	127,239	--	127,239
Put option	--	190,562	--	--	--	--	190,562	190,562
	<u>--</u>	<u>317,801</u>	<u>80,871</u>	<u>--</u>	<u>--</u>	<u>208,110</u>	<u>190,562</u>	<u>398,672</u>

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**19. 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**

<b><u>Type</u></b>	<b><u>Valuation technique</u></b>	<b><u>Significant unobservable inputs</u></b>	<b><u>Inter-relationship between significant unobservable inputs and fair value measurements</u></b>
Equity securities	Market comparison technique. PE multiple, Price to Book value.	Price Earnings Multiples, Price to Book value and Price to Tangible Book Value.	Not applicable
Future contracts	Broker quotes	Not applicable	Not applicable
Call and put 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.
Interest rate swaps	DCF	Not applicable	Not applicable

**20. 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 bank balances. The leverage ratio as at December 31, 2021 and December 31, 2020 is as follows:

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

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**20. CAPITAL MANAGEMENT (continued)**

	<b>December 31, 2021</b>	December 31, 2020
Total liabilities	<b>19,494,982</b>	17,893,830
Less: Cash and bank balances	<b>(1,378,054)</b>	(1,093,378)
<b>Adjusted net debt</b>	<b>18,116,928</b>	16,800,452
Total equity	<b>9,099,613</b>	9,164,554
Less: Hedging reserve	<b>2,288</b>	(4,019)
<b>Adjusted equity</b>	<b>9,101,901</b>	9,160,535
<b>Adjusted net debt to adjusted equity ratio</b>	<b>1.99</b>	1.83

**21. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE**

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant financial impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

- COVID-19 Related Rent Concessions – Amendment to IFRS 16
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

**PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE**

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group’s accounting year beginning on or after January 1, 2022 are listed below. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the condensed consolidated interim financial statements of the Group.

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- IFRS 17 Insurance Contracts and its Amendments;
- Definition of Accounting Estimate – Amendments to IAS 8;
- Amendments to IAS 1 Classification of liabilities as current or non-current;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12) and
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Expressed in thousands of Saudi Riyal unless otherwise stated)

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**22. IMPACT OF COVID-19**

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activity. In response to the spread of COVID-19 and its resulting disruptions to the social and economic activities, the Group's management has assigned a task force to assess and monitor the possible impact on its business in Saudi Arabia and other geographies where the Group operates. The management has also taken a series of preventive measures to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its operations.

Currently, many countries, including countries where the Group is operating, are constantly addressing the continued increase in recorded cases of COVID-19 and the implications to the economy. COVID-19 is an evolving situation, the Group is monitoring closely any material impacts to the operations and continuity of business activities. The priority of the Group remains to protect the health, safety and welfare of employees, customers, and partners, as well as support the Government and its agencies as they work to reduce the impact of the outbreak

At this stage, the Group is unable to reliably estimate the future impact of COVID-19, given the lack of certainty on possible end date of the pandemic or vaccination of large part of community that could continue impacting the world economies. However, the Group is constantly monitoring the situation through its Task Force given with the responsibility to constantly assess developing events, mitigate as much as possible negative impact and steer the organisation towards adapting to current realities. Accordingly, the potential risks around supply of material, manpower, inventory levels and minimum interruptions to the production facilities across all geographies are being constantly monitored and the stakeholders are being kept informed for any material deviations on a timely basis.

**23. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Company's Board of Directors on January 31, 2022, corresponding to Jumada Al Thani 28, 1443H