SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023
together with the Independent Auditor's Report

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

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 زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Savola Group Company

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

KPMG

Independent Auditor's Report

To the Shareholders of Savola Group Company (continued)

Impairment testing of non-financial assets

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

Key audit matter	How the matter was addressed in our audit
As at December 31, 2023, the carrying value of intangible assets and goodwill amounted to SR 1,678 million (2022: SR 1,797 million), the carrying value of property, plant and equipment and right-of-use (RoU) assets amounted to SR 6,046 million (2022: SR 5,839 million) and SR 3,040 million (2022: 3,217 million) respectively. Impairment reversal, net recognised on the non-financial assets during the year ended December 31, 2023 amounted to SR 112 million (2022: SR 65 million). Intangible assets with indefinite useful life and Goodwill are subject to a mandatory annual impairment test and the intangible assets with definite useful life, property, plant and equipment and right-of-use assets are subject to impairment testing where there are internal or external indicators of impairment. The Group reviews the carrying amounts of these non-financial assets to determine whether their carrying values exceed the recoverable amounts, which is the higher of value in use or the fair value less costs to sell. For the purpose of the Group's impairment assessment, management has used the value in use model, to determine the recoverable amount, under which the future cash flows relating to each Cash Generating Unit (CGU) were discounted and compared to their respective carrying amounts. The Group value in use model for the CGUs includes significant judgements and assumptions relating to Cash flow projections, growth and discount rates. There is uncertainty in estimating the recoverable amount of non-financial assets which principally arises from the inputs used in both forecasting and discounting future cash flows. A combination of the significance of the asset balances and the inherent uncertainty in the assumptions supporting the valuations of non-financial assets, means that an assessment of their carrying value is one of the key judgmental areas. We considered impairment of non-financial assets that includes intangible assets and goodwill, property, plant and equipment and right of use assets as a key audit matter due to the significant judgment and key assumptions involved in the impairment assessment process.	We performed the following audit procedures in relation to non-financial assets impairment: - Obtained an understanding of management's process and the methodology used for the impairment assessment of non-financial assets; - Tested the accuracy and relevance of the input data used by the management on sample basis in the impairment assessment model by reference to supporting evidence, including budgets, and considered the reasonableness of these budgets by comparing the Group's historical results and performance against budgets; - Involved our specialists for assessing the reasonableness of value in use calculations and the underlying key management assumptions, including cash flow projections, growth and discount rates; - Performed sensitivity analysis, over the key assumptions, such as growth rates and discount rates to evaluate the impact on the currently estimated headroom for the respective CGUs; and - Assessed the adequacy of the disclosures in these consolidated financial statements, including disclosures of key assumptions and judgments.

Valuation of Inventories

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

Key audit matter	How the matter was addressed in our audit
As at December 31, 2023, the Group's net inventories balance was SR 4,252 million (2022: SR 4,637 million) net of allowance for inventories obsolescence of SR 107 million (2022: SR 196 million). Inventories are stated at the lower of cost and net realizable value and an allowance is made by the Group, where necessary, for obsolete inventories. Management determines the level of obsolescence of inventories by considering their nature, ageing profile, expiry dates and sales expectations using historic trends and other qualitative factors. The Group also deals in commodity hedging contracts for its raw sugar inventory. The management accounts for these contracts using the mark-to-market method and reviews the valuation and hedge effectiveness at each reporting period by obtaining broker statements and exchange-quoted price. We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the level of inventories write down required based on Net Realisable Value (NRV) assessment. Further, the commodity hedging involves the use of complex hedging mechanisms, across multiple hedging strategies and price volatility.	We performed the following audit procedures in relation to valuation of inventories: - Obtained an understanding of the process around the recognition, subsequent measurement and the valuation of inventories; - Evaluated the appropriateness of the Group's policy for allowance for inventories obsolescence by performing retrospective testing, comparing historical estimates with actual losses; and current and future expectations with respect to sales; - Attended periodical physical count of inventories at selected locations on sample basis to identify expired or lost items; - Tested the net realisable value of finished goods inventories by considering actual sales post year-end and the assumptions used by the management to check whether inventories are valued at the lower of cost and net realisable value; - Engaged our specialist to review the hedging relationship, monitoring hedge effectiveness and appropriateness of methods for mark-to-market values of derivatives at the reporting date; - Assessed the adequacy of the disclosures in these consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Savola Group Company (continued)

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the Shareholders of Savola Group Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

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

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 4030290792
J : 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31
(Expressed in thousands of Saudi Riyal unless otherwise stated)

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

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

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31
(Expressed in thousands of Saudi Riyal unless otherwise stated)

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

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

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended December 31
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	**2023**	2022
Profit attributable to:			
Owners of the Company		**899,185**	742,752
Non-controlling interests		**171,291**	122,133
Profit for the year		**1,070,476**	864,885
Total comprehensive income attributable to:			
Owners of the Company		**645,543**	293,974
Non-controlling interests		**110,386**	112,131
Total comprehensive income for the year		**755,929**	406,105
Earnings per share attributable to the Owners of the Company (in Saudi Riyals):			
Basic	28	**1.69**	1.39
Diluted	28	**1.69**	1.39

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

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	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, 2022	5,339,807	342,974	(30,433)	1,774,085	4,000	(104,866)	(187,979)	(1,899,084)	2,840,089	8,078,593	1,013,220	9,091,813
Total comprehensive income / (loss) for the year												
Profit for the year	--	--	--	--	--	--	--	--	742,752	742,752	122,133	864,885
Other comprehensive income / (loss)	--	--	--	--	--	(318,988)	--	(167,262)	37,472	(448,778)	(10,002)	(458,780)
	--	--	--	--	--	(318,988)	--	(167,262)	780,224	293,974	112,131	406,105
Charge for equity-settled employees' share based payment plan (Note 17)	--	--	--	--	--	10,219	--	--	--	10,219	56	10,275
Purchase of shares held under employees' share based payment plan (Note 17)	--	--	(21,429)	--	--	--	--	--	--	(21,429)	--	(21,429)
Dividends (Note 14)	--	--	--	--	--	--	--	--	(106,796)	(106,796)	(63,426)	(170,222)
Transfer of fair value reserve of investments designated at FVOCI	--	--	--	--	--	(39,096)	--	--	39,096	--	--	--
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	151	151	--	151
Balance at December 31, 2022	5,339,807	342,974	(51,862)	1,774,085	4,000	(452,731)	(187,979)	(2,066,346)	3,552,764	8,254,712	1,061,981	9,316,693

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

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended December 31
(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**
Total comprehensive income / (loss) for the year												
Profit for the year	--	--	--	--	--	--	--	--	899,185	899,185	171,291	1,070,476
Other comprehensive income / (loss)	--	--	--	--	--	(8,965)	--	(288,412)	43,735	(253,642)	(60,905)	(314,547)
	--	--	--	--	--	(8,965)	--	(288,412)	942,920	645,543	110,386	755,929
Transaction with non-controlling interest without change in control	--	--	--	--	--	--	(32,861)	--	--	(32,861)	(27,139)	(60,000)
Charge for equity-settled employees' share based payment plan (Note 17)	--	--	--	--	--	5,183	--	--	--	5,183	(6)	5,177
Purchase of shares held under employees' share based payment plan (Note 17)	--	--	(80,000)	--	--	--	--	--	--	(80,000)	--	(80,000)
Dividends (Note 14)	--	--	--	--	--	--	--	--	(352,427)	(352,427)	(62,124)	(414,551)
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	184	184	--	184
Settlement of treasury Shares	--	--	11,088	--	--	--	--	--	--	11,088	--	11,088
Balance at December 31, 2023	**5,339,807**	**342,974**	**(120,774)**	**1,774,085**	**4,000**	**(456,513)**	**(220,840)**	**(2,354,758)**	**4,143,441**	**8,451,422**	**1,083,098**	**9,534,520**

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

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31
(Expressed in thousands of Saudi Riyal unless otherwise stated)

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

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

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2023	2022
Net change in cash and cash equivalents		**661,158**	257,382
Effect of movement in exchange rates on cash and cash equivalents		**(129,458)**	(175,453)
Cash and cash equivalents at beginning of the year		**600,759**	518,830
Cash and cash equivalents at December 31	13	**1,132,459**	600,759
Supplemental schedule of non-cash financial information:			
Other reserves		**(16,166)**	(323,898)
Foreign currency translation reserve		**(341,816)**	(174,494)
Actuarial reserve	22	**43,935**	39,612
Addition to right-of-use assets	5	**375,705**	349,443
Addition to lease liabilities	21	**366,652**	349,218

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

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

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

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

(I) Direct subsidiaries of the Company

i) Operating subsidiaries

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(I) Direct subsidiaries of the Company (continued)

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

ii) Holding and Dormant subsidiaries

Subsidiary name	**Country of incorporation**	**Principal business activity**	**Ownership interest (%)**	
			December 31, 2023	December 31, 2022
Adeem Arabia Company (Adeem)	Saudi Arabia	Holding company	**100**	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	**100**	100
Al Matana Holding Company	Saudi Arabia	Holding company	**100**	100
Madarek Investment Company	Jordan	Holding company	**100**	100
United Properties Development Company	Saudi Arabia	Dormant company	**100**	100
Subsidiaries controlled through Al Matana Holding Company:				
SGC Ventures Limited	Cayman Islands	Holding company	**100**	100
SGC Marketplace Venture	Cayman Islands	Holding company	**100**	100
SGC Agritech Ventures	Cayman Islands	Holding company	**100**	100

(II) Savola Foods Company

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

Subsidiaries controlled through Savola Foods Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2023	December 31, 2022
Afia International Company ("AIC")	Saudi Arabia	Manufacturing of edible oils	**95.19**	95.19
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	Holding company	**100**	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	**100**	100
International Foods Industries Company ("IFI")	Saudi Arabia	Manufacturing of specialty fats	**100**	100
Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding Company	**100**	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	**100**	100
Seafood International Two FZCO	UAE	Seafood products trading and distribution	**100**	100
Savola Industrial Sustainable Development Company	Saudi Arabia	Renewable energy	**100**	--
Savola Foods Emerging Markets Company Limited	British Virgin Islands (BVI)	Holding company	**95.43**	95.43
Savola Foods for Sugar Company	Cayman Islands	Dormant company	**95**	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	**100**	100
Seafood International Holdco	Cayman Islands	Holding company	**100**	100
Al Maoun International Holding Company	Saudi Arabia	Holding company	**100**	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	**100**	100
Afia Arabia for Foods	Saudi Arabia	Holding company	**100**	100
SIFCO				
Bayara Holding Limited	Cayman Islands	Holding company	**100**	100
Bayara FZE Limited	UAE	Holding Company	**100**	100
Savola Snacks *	Egypt	Manufacturing of snacks	**99**	99

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

(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:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%) December 31, 2023	Ownership interest (%) December 31, 2022
Savola Behshahr Company ("SBeC")	Iran	Holding company	**90**	90
KUGU Gida Yatum Ve Ticaret A.S ("KUGU")	Turkey	Holding company	**100**	100
Savola Foods Limited ("SFL")	BVI	Holding company	**100**	100
Inveskz Inc.	BVI	Dormant company	**90**	90
Aseel Food – Hold Co.	Cayman Islands	Holding company	**100**	100
Malintra Holdings	Luxembourg	Dormant company	**100**	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	**98.57**	98.57
Afia Trading International	BVI	Dormant company	**100**	100
Savola Foods International	BVI	Dormant company	**100**	100
SBeC				
Behshahr Industrial Company (BIC)	Iran	Manufacturing of edible oils	**79.9**	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	**100**	100
Savola Behshahr Sugar Company	Iran	Trading and distribution	**100**	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	**100**	90
Behshahr Industrial Company				
Mahsoolat Daryaee Ta'm Afarin Saba Company (Sahel)	Iran	Seafood products trading and distribution	**100**	100
SFL				
Afia International Company, Egypt ("AICE")	Egypt	Manufacturing of edible oils	**99.95**	99.95
AICE				
Savola For Export and Import	Egypt	Trading and distribution	**49**	49
KUGU				
Savola Gida Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	**100**	100

(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:

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

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

Afia International Company – Algeria	Algeria	Manufacturing of edible oils	**100**	100
Savola Edible Oils (Sudan) Limited	Sudan	Manufacturing of edible oils	**100**	100
Savola Morocco Company (Refer Note 20)	Morocco	Manufacturing of edible oils	**--**	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

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

e) Subsidiaries controlled through Al Maoun and Marasina

Alofog Trading 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, 2022: 71.66%).

(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

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%) December 31, 2023	Direct ownership interest (%) December 31, 2022
Kamali Investment Limited	UAE	Holding Company	**100**	100
Kandoo Worldwide Limited	BVI	Managing trademarks	**100**	100

h) Subsidiaries controlled through Bayara FZE

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

(III) Panda Retail Company

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

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

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(III) Panda Retail Company (continued)

Subsidiaries controlled through Panda:

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

(IV) Good Food Company

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(IV) Good Food Company (continued)

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

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

Subsidiaries controlled through Al Kabeer Holding Limited

Subsidiary name	Country of incorporation	Principal business activity	December 31, 2023	December 31, 2022
Sahar Enterprises Company*	UAE	Trading and distribution	**100**	--
Sahar Food Industry Company*	UAE	Manufacturing of frozen food	**100**	--
Best Foodstuff Trading Company*	UAE	Trading and distribution	**100**	--
Cascade Investments Limited (CIL)	UAE	Investment company	**100**	100
Cascade Marine Foods Company	UAE	Manufacturing frozen food	**100**	100
Al Sabah Foodstuff Enterprises Company	UAE	Trading and distribution	**100**	100
Best Foods Company	Oman	Trading and distribution	**100**	100

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

2. BASIS OF PREPARATION

a) Statement of compliance

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

i) Accounting convention / Basis of Measurement

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

ii) Functional and presentation currency

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

b) Critical accounting estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments

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

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

2. BASIS OF PREPARATION (continued)

b) Critical accounting estimates and judgments (continued)

Judgments (continued)

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

i) Impairment of financial assets

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

ii) Provision for inventory obsolescence

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

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

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

2. BASIS OF PREPARATION (continued)

b) Critical accounting estimates and judgments (continued)

iv) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

v) Employee benefits – defined benefit obligation

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

2. BASIS OF PREPARATION (continued)

b) Critical accounting estimates and judgments (continued)

Judgments (continued)

vi) Going concern

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

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

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

vii) Other assumptions

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

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

3. MATERIAL ACCOUNTING POLICIES

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

a) Share based payments arrangements

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

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

b) Business combinations

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Business combinations (continued)

(i) Subsidiaries

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

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation. Subsidiaries used same accounting policies and financial reporting periods.

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

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

(ii) Goodwill

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

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

(iii) Interests in equity-accounted investees

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

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Business combinations (continued)

(iii) Interests in equity-accounted investees (continued)

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

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

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

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

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

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

(iv) Non-controlling interests

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets – initial measurement

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

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

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss, if any.
Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses (continued)

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Financial liabilities

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(iv) Derivatives

Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedge

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(iv) Derivatives (continued)

Fair value hedge

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

Other derivatives

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

(v) Offsetting

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

(vi) Cash and cash equivalents

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

d) Segment reporting

An operating segment is a component:

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

3. MATERIAL ACCOUNTING POLICIES (continued)

d) Segment reporting (continued)

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

e) Foreign currency translations

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

e) Foreign currency translations (continued)

(ii) Foreign operations (continued)

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

(iii) Hyperinflationary economies

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

f) Property, plant and equipment

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

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

f) Property, plant and equipment (continued)

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

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

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

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

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

	Years
Buildings	12.5 - 50
Leasehold improvements	3 - 33
Plant and equipment	3 - 30
Furniture and office equipment	3 - 16
Vehicles	4 - 10

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer to policy on impairment of non-financial assets note 3(k)(ii).

g) Intangible assets

Intangible assets, other than goodwill and brand, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss.

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

	Years
Software	3 – 10
Customer List	18 – 28
Distribution Network	25

3. MATERIAL ACCOUNTING POLICIES (continued)

g) Intangible assets (continued)

Brand is initially measured at cost. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group and is therefore considered to have an indefinite useful life.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since it most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Intangible assets acquired by the Group that have indefinite useful lives are measured at cost less accumulated impairment loss. The useful life of such assets is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. These are reviewed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and accumulated impairment loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost subsequently.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of individual items of investment property. The estimated useful lives of investment properties for current and comparative year is as follows:

	Years
Buildings	20-33

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of investment property, please refer to policy on impairment of non-financial assets Note 3(k)(ii).

3. MATERIAL ACCOUNTING POLICIES (continued)

i) Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in the profit or loss.

Once classified as held-for-sale, intangible assets, investment property and property and equipment are no longer amortised or depreciated, and any investment in associate is no longer equity accounted.

j) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. In case of retail business, cost of inventory is net of rebates and commercial income which is based on the contractual terms specified in the agreements with suppliers.

Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Further, inventory may also include gain and losses transferred from marked to market of firm commitment due to fair value hedge accounting and fair valuation impact of inventory price risk being hedged under fair value hedge.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete and defective stocks.

3. MATERIAL ACCOUNTING POLICIES (continued)

k) Impairment

i. Financial assets

Financial instruments and contract assets
The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

For trade receivables and other financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The loss allowance is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For bank balances in which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, the ECL is measured at 12-month ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position
Allowances for expected credit loss against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3. MATERIAL ACCOUNTING POLICIES (continued)

k) Impairment (continued)

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (the "cash-generating unit, or CGU"). Impairment exists when the carrying value of an asset or CGU exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using applicable discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment loss is recognized in profit or loss. Impairment loss recognized in respect of CGUs is allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

l) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using applicable rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Group records provision for decommissioning costs of manufacturing facility and restoration of leasehold improvements. Such costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a rate that reflects the current market assessments of the time value of money and risks specific to the related liability. The unwinding of the discount is expensed as incurred and recognized in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

3. MATERIAL ACCOUNTING POLICIES (continued)

m) Employees' end of service benefits

Defined benefit plan
The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in profit or loss.

Short-term employee benefits
Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

n) Shares held under employees' share based payment plan

Own equity instruments that are reacquired, for discharging obligations under Employees Long Term Incentive Program ("Plan"), are recognised at cost and presented as a deduction from equity and are adjusted for any transaction costs, dividends and gains or losses on sale of such shares. No gain or loss is recognised in the Consolidated Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in Equity.

o) Revenues recognition

Revenue is measured based on the consideration, to which the Group expects to be entitled to, specified in a contract with a customer and is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue from sale of goods
Revenue from sale of goods is recognised in the statement of profit or loss when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Variable consideration
Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

3. MATERIAL ACCOUNTING POLICIES (continued)

o) Revenues recognition (continued)

Significant financing component
The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the committed amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Rental income
The Group leases out various shops situated within its supermarkets and hypermarkets under operating lease agreements. Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

p) Zakat and taxes

The Company and its subsidiaries are subject to zakat and income tax in accordance with the regulations of The Zakat, Tax and Customs Authority ("ZATCA") (previously known as General Authority of Zakat and Income Tax). Company's zakat and its share in zakat of subsidiaries are charged to the consolidated statement of profit or loss and other comprehensive income. Zakat and income tax attributable to other Saudi and foreign shareholders of the consolidated subsidiaries are charged to non-controlling interest in the accompanying consolidated statement of financial position. Additional zakat and income tax liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized. The Company and its Saudi Arabian subsidiaries withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations. Foreign subsidiaries are subject to zakat and income taxes in their respective countries of domicile. Such zakat and income taxes are charged to consolidated statement of profit or loss under zakat and income tax expense.

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current and deferred tax assets and liabilities are offset only if certain criteria are met.

3. MATERIAL ACCOUNTING POLICIES (continued)

q) Finance income and finance cost

Finance income includes gains on the derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss and other comprehensive income on the date that the Group's right to receive payment is established.

Finance costs comprise of financial charges on borrowings including sukuks and unwinding of the discount on provisions and losses on derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

r) Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors.

s) Expenses

Selling and distribution expenses and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Selling and distribution expenses are those arising from the Group's efforts underlying the selling and distribution functions. All other expenses are classified as administrative expenses. Allocation of common expense between cost of revenues and selling and distribution and administrative expenses, when required, are made on consistent basis.

t) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. MATERIAL ACCOUNTING POLICIES (continued)

t) Leases (continued)

As a lessee (continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. MATERIAL ACCOUNTING POLICIES (continued)

t) Leases (continued)

As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value (USD 5,000 or less). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and office equipment	Vehicles	Constructi on work in progress (CWIP)	Total
Cost								
Balance at January 1, 2022	1,427,560	2,747,177	1,545,355	3,035,813	2,710,776	499,797	510,869	12,477,347
Additions	7,682	2,144	4,646	23,265	17,195	5,455	762,966	823,353
Disposals / write-off / reversals	(13,528)	1,461	(43,406)	(10,601)	(399,895)	(38,383)	(406)	(504,758)
Transfer from CWIP	30,806	144,995	123,884	110,951	113,048	13,593	(537,277)	--
Hyperinflation adjustment	7,215	6,166	83	109,985	2,244	574	6,508	132,775
Effect of movement in exchange rate	(27,075)	(49,712)	(14,081)	(291,716)	(28,117)	(10,276)	(57,257)	(478,234)
Transfer to assets classified as held for sale (Note 20)	(4,605)	(17,837)	--	(83,683)	(1,641)	--	(466)	(108,232)
Transfer to intangible assets (Note 6)	--	--	--	--	--	--	(17,969)	(17,969)
Transfer to Investment Properties (Note 7)	(35,069)	(78,769)	--	--	--	--	--	(113,838)
Balance at December 31, 2022	1,392,986	2,755,625	1,616,481	2,894,014	2,413,610	470,760	666,968	12,210,444
Balance at January 1, 2023	**1,392,986**	**2,755,625**	**1,616,481**	**2,894,014**	**2,413,610**	**470,760**	**666,968**	**12,210,444**
Additions	**9,153**	**31,944**	**105**	**31,588**	**36,502**	**14,773**	**766,407**	**890,472**
Disposals / write-off / reversals	**(13,824)**	**(14,867)**	**(46,968)**	**(14,066)**	**(130,903)**	**(17,741)**	**(766)**	**(239,135)**
Transfer from CWIP	**65**	**50,526**	**229,983**	**222,829**	**379,148**	**9,668**	**(892,219)**	**--**
Hyperinflation adjustment	**(3,426)**	**(1,178)**	**(959)**	**(95,163)**	**(1,817)**	**(511)**	**(3,671)**	**(106,725)**
Effect of movement in exchange rate	**(2,981)**	**(36,690)**	**(1,754)**	**(139,079)**	**(15,552)**	**(5,108)**	**(24,363)**	**(225,527)**
Transfer (to) /from investment properties (Note 7)	**(2,665)**	**(9,671)**	**--**	**152**	**45**	**--**	**--**	**(12,139)**
Balance at December 31, 2023	**1,379,308**	**2,775,689**	**1,796,888**	**2,900,275**	**2,681,033**	**471,841**	**512,356**	**12,517,390**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and office equipment	Vehicles	Construction work in progress (CWIP)	Total
Accumulated depreciation / impairment loss								
Balance at January 1, 2022	(160,892)	(1,153,848)	(1,021,740)	(1,511,099)	(2,338,865)	(418,439)	--	(6,604,883)
Depreciation for the year	--	(118,417)	(80,662)	(187,316)	(129,255)	(24,121)	--	(539,771)
Disposals / write-off / reversals	--	(6,054)	37,825	6,012	388,653	37,222	--	463,658
Impairment reversal / (loss) (Note 36)	43,360	4,131	8,559	(3,469)	2,710	212	--	55,503
Transfer to assets classified as held for sale (Note 20)	--	14,730	--	57,228	1,531	--	--	73,489
Hyperinflation adjustment	--	(889)	(16)	(20,583)	(634)	(126)	--	(22,248)
Effect of movement in exchange rate	--	26,581	5,735	150,493	18,903	1,014	--	202,726
Balance at December 31, 2022	(117,532)	(1,233,766)	(1,050,299)	(1,508,734)	(2,056,957)	(404,238)	--	(6,371,526)
Balance at January 1, 2023	**(117,532)**	**(1,233,766)**	**(1,050,299)**	**(1,508,734)**	**(2,056,957)**	**(404,238)**	**--**	**(6,371,526)**
Depreciation for the year	**--**	**(108,366)**	**(92,430)**	**(197,643)**	**(170,916)**	**(19,183)**	**--**	**(588,538)**
Disposals / write-off / reversals	**--**	**13,183**	**37,976**	**13,362**	**123,317**	**17,539**	**--**	**205,377**
Impairment reversal / (loss) (Note 36)	**37,291**	**2,686**	**1,400**	**149,149**	**(2,077)**	**(246)**	**(4,596)**	**183,607**
Hyperinflation adjustment	**--**	**(461)**	**(8)**	**(16,167)**	**(563)**	**(95)**	**--**	**(17,294)**
Effect of movement in exchange rate	**--**	**14,044**	**1,299**	**92,002**	**8,969**	**946**	**--**	**117,260**
Balance at December 31, 2023	**(80,241)**	**(1,312,680)**	**(1,102,062)**	**(1,468,031)**	**(2,098,227)**	**(405,277)**	**(4,596)**	**(6,471,114)**
December 31, 2022	1,275,454	1,521,859	566,182	1,385,280	356,653	66,522	666,968	5,838,918
December 31, 2023	**1,299,067**	**1,463,009**	**694,826**	**1,432,244**	**582,806**	**66,564**	**507,760**	**6,046,276**

a) Capital work in progress relates to the construction and upgrade of supermarkets and hyper markets and upgrading and enhancing the production and logistic facilities of certain subsidiaries. Also refer Note 19.3.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

5. RIGHT-OF-USE ASSETS

The movement of right-of-use assets is as follows:

	Land	Buildings	Plant and equipment	Vehicles	Total
Cost					
Balance as at January 1, 2022	846,181	4,073,550	7,113	95,242	5,022,086
Assets classified as held for sale (Note 20)	--	--	--	(4,463)	(4,463)
Addition during the year	50,810	288,969	11	9,653	349,443
Leases termination / modification	33,082	(53,382)	--	(2,461)	(22,761)
Effect of movement in exchange rate	(8,755)	(5,538)	(21)	(1,578)	(15,892)
Balance at December 31, 2022	921,318	4,303,599	7,103	96,393	5,328,413
Balance as at January 1, 2023	**921,318**	**4,303,599**	**7,103**	**96,393**	**5,328,413**
Addition during the year	**48,990**	**310,738**	**--**	**15,977**	**375,705**
Leases termination / modification	**(27,683)**	**(119,050)**	**--**	**(5,424)**	**(152,157)**
Effect of movement in exchange rate	**(1,585)**	**(5,426)**	**--**	**(4,540)**	**(11,551)**
Balance at December 31, 2023	**941,040**	**4,489,861**	**7,103**	**102,406**	**5,540,410**
Accumulated depreciation					
Balance at January 1, 2022	(195,996)	(1,459,573)	(1,360)	(51,930)	(1,708,859)
Assets classified as held for sale (Note 20)	--	--	--	2,847	2,847
Depreciation for the year	(67,220)	(391,718)	(517)	(19,551)	(479,006)
Leases termination / modification	6,089	23,521	--	439	30,049
Impairment reversal / (loss) (Note 36)	(996)	38,803	--	--	37,807
Effect of movement in exchange rate	1,969	2,697	12	1,040	5,718
Balance at December 31, 2022	(256,154)	(1,786,270)	(1,865)	(67,155)	(2,111,444)
Balance at January 1, 2023	**(256,154)**	**(1,786,270)**	**(1,865)**	**(67,155)**	**(2,111,444)**
Depreciation for the year	**(71,681)**	**(396,023)**	**(474)**	**(21,583)**	**(489,761)**
Leases termination / modification	**24,739**	**63,509**	**--**	**4,037**	**92,285**
Impairment reversal / (loss) (Note 36)	**4,061**	**369**	**--**	**--**	**4,430**
Effect of movement in exchange rate	**987**	**130**	**--**	**3,347**	**4,464**
Balance at December 31, 2023	**(298,048)**	**(2,118,285)**	**(2,339)**	**(81,354)**	**(2,500,026)**
Carrying amounts					
December 31, 2022	665,164	2,517,329	5,238	29,238	3,216,969
December 31, 2023	**642,992**	**2,371,576**	**4,764**	**21,052**	**3,040,384**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

6. INTANGIBLE ASSETS AND GOODWILL

6.1 The movement of intangible assets and goodwill is as follows:

	Goodwill	Brands with indefinite useful life	Software	Customer list	Distribution network	Total
Cost						
Balance as at January 1, 2022	988,976	574,071	389,605	130,311	8,480	2,091,443
Additions	--	--	40,014	--	--	40,014
Reclassification from property, plant and equipment (Note 4)	--	--	17,969	--	--	17,969
Disposals / write-off	--	--	(23,880)	--	--	(23,880)
Effect of movement in exchange rate	(44,077)	--	(2,241)	--	--	(46,318)
Adjustments under PPA	54,000	(93,800)	--	39,800	--	--
Balance at December 31, 2022	998,899	480,271	421,467	170,111	8,480	2,079,228
Balance as at January 1, 2023	**998,899**	**480,271**	**421,467**	**170,111**	**8,480**	**2,079,228**
Additions	--	--	**19,756**	--	--	**19,756**
Disposals / write-off	--	--	**(106,386)**	--	--	**(106,386)**
Effect of movement in exchange rate	**(15,992)**	--	**(2,240)**	--	--	**(18,232)**
Balance at December 31, 2023	**982,907**	**480,271**	**332,597**	**170,111**	**8,480**	**1,974,366**
Accumulated Depreciation						
Balance at January 1, 2022	(13,162)	--	(214,365)	(5,402)	(678)	(233,607)
Amortisation for the year	--	--	(26,195)	(12,302)	(339)	(38,836)
Disposals / write-off	--	--	543	--	--	543
Impairment (loss) / reversal during the year (Note 36)	(12,711)	--	1,473	--	--	(11,238)
Effect of movement in exchange rate	--	--	1,349	--	--	1,349
Balance at December 31, 2022	(25,873)	--	(237,195)	(17,704)	(1,017)	(281,789)
Balance at January 1, 2023	**(25,873)**	--	**(237,195)**	**(17,704)**	**(1,017)**	**(281,789)**
Amortisation for the year	--	--	**(24,771)**	**(13,275)**	**(678)**	**(38,724)**
Disposals / write-off	--	--	**97,347**	--	--	**97,347**
Impairment (loss) / reversal during the year (Note 36)	**(75,000)**	--	**533**	--	--	**(74,467)**
Effect of movement in exchange rate	--	--	**1,819**	--	--	**1,819**
Balance at December 31, 2023	**(100,873)**	**-**	**(162,267)**	**(30,979)**	**(1,695)**	**(295,814)**
Carrying amounts						
December 31, 2022	973,026	480,271	184,272	152,407	7,463	1,797,439
December 31, 2023	**882,034**	**480,271**	**170,330**	**139,132**	**6,785**	**1,678,552**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

6. INTANGIBLE ASSETS AND GOODWILL (continued)

6.2 The carrying values of goodwill, after foreign currency translation adjustments, comprises the following:

	December 31, 2023	December 31, 2022
Bayara Holding Limited (Note 6)	**455,721**	530,721
Savola Industrial Investment Company	**145,664**	145,664
Giant Stores Trading Company	**95,209**	95,209
Afia International Company	**84,016**	84,016
El Maleka for Food Industries Company	**35,095**	43,922
Herfy Foods Services Company	**25,330**	25,330
Afia International Company, Egypt	**14,374**	17,991
United Sugar Company	**14,912**	14,912
KUGU Gida Yatum Ve Ticaret A.S	**5,147**	7,554
Seafood International HoldCo	**3,341**	3,341
Notrika Golden Wheat Company	**1,750**	2,370
Behshahr Industrial Company	**1,475**	1,996
	882,034	973,026

The Group has reviewed the carrying amounts of goodwill to determine whether the carrying values exceeds the recoverable amounts. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows based on 5 year management’s approved plan, discounted to their present value using the growth rates, applicable discount rates and a terminal value percentages. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

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

a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business. The management has used the Weighted Average Cost of Capital (WACC) to determine the cost of capital rate. The cost of equity has been computed through the Capital Asset Pricing Model.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

6. INTANGIBLE ASSETS AND GOODWILL (continued)

a) Discount rates (continued)

The following discount rates have been used which are based on the WACC of respective CGUs:

	Discount Rate %		Terminal growth rate %	
	2023	2022	**2023**	2022
Savola Industrial Investment Company	**13.5**	10.5	**2.1**	4.6
United Sugar Company	**13.5**	10.5	**2.1**	4.6
Afia International Company	**13.5**	12.5	**2.1**	3.6
El Maleka for Food Industries Company	**23.4**	17.5	**8.1**	7.7
KUGU Gida Yatum Ve Ticaret A.S.	**22.1**	20.5	**3.2**	9.0
Afia International Company Egypt	**24.3**	21.5	**8.1**	5.3
Notrika Golden Wheat Company	**38.5**	32.5	**26.6**	21.7
Beshar Industrial Company	**38.5**	34.5	**26.6**	21.7
Seafood International HoldCo	**41.5**	29.5	**26.6**	21.7
Bayara Holding Limited	**12.2**	12.2	**2.1**	4.3
Giant Stores Trading Company	**12.5**	12.3	**2.0**	2.0

b) Key commercial assumptions

The valuation is based on the key commercial assumptions that revenue forecast and contribution margins in the products of the CGUs would be achieved.

As at December 31, 2023, there was headroom available aggregating to SR 3,079 million (2022: SR 3,853.3 million) between the recoverable amount and the carrying value of above CGUs, therefore, no impairment loss was recognised in these consolidated financial statements except for Bayara Holding Limited amounting to SR 75 million.

The following table shows the key mutually exclusive assumptions that would reduce the estimated recoverable values to the carrying amounts:

	Discount rate %	**Average EBITDA growth rate %**
SIIC / United Sugar Company	**26.5**	**(16.8)**
Afia International Company	**5.0**	**(6.5)**
El Maleka for Food Industries Company	**0.7**	**(1.1)**
KUGU Gida Yatum Ve Ticaret A.S.	**5.63**	**(6.6)**
Afia International Company Egypt	**25.7**	**(17.9)**
Notrika Golden Wheat Company	**24.0**	**(68.1)**
Beshar Industrial Company	**7.0**	**(27.3)**
Sahel (Seafood)	**6.0**	**(31.8)**
Bayara Holding Company	**--**	**--**
Giant Stores Trading Company	**34.5**	**1.6**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

7. INVESTMENT PROPERTY

	2023	2022
Cost		
Balance at beginning of year	**233,609**	119,199
Additions	**5,214**	572
Transfer from Property, plant and equipment (Note 4)	**12,139**	113,838
Finance cost capitalized during the year	**4,518**	--
Balance at end of year	**255,480**	233,609
Accumulated depreciation and impairment		
Balance at beginning of year	**(56,779)**	(51,059)
Depreciation during the year	**(6,083)**	(5,720)
Balance at end of year	**(62,862)**	(56,779)
Carrying amounts	**192,618**	176,830

7.1 As at December 31, 2023, the investment property includes a property from the Food Services segment having a fair value of SR 247 million (December 31, 2022: SR 211 million). The fair value has been determined by an external independent property valuer using future discounted cashflows approach which is third level of fair value. The valuer is certified by TAQEEM (Saudi Authority for Accredited Valuers) and has recent experience in location and the category of property being valued.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

8. EQUITY-ACCOUNTED INVESTEES

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

Name	Relationship	Principal business sector	Country of incorporation	Ownership interest (%) 2023	Ownership interest (%) 2022	December 31, 2023	December 31, 2022
Almarai Company ("Almarai")	Associate	Fresh food products	Saudi Arabia	**34.52**	34.52	**8,770,990**	8,387,491
Kinan International for Real Estate Development Company ("Kinan")	Associate	Real Estate	Saudi Arabia	**29.9**	29.9	**396,592**	356,764
United Sugar Company, Egypt ("USCE") (Note 8.4)	Associate	Sugar Manufacturing	Egypt	**33.82**	33.82	**128,475**	185,345
Intaj Capital Limited ("Intaj")	Associate	Fund management	Republic of Tunisia	**49**	49	**13,046**	13,046
						9,309,103	8,942,646

8.1 Movement in the investment in equity-accounted investees is as follows:

	2023	2022
Balance at beginning of year	**8,942,646**	8,986,236
Share in net income, net of zakat and tax	**718,813**	660,581
Share in reserves	**9,696**	(175,507)
Dividends	**(366,746)**	(356,827)
Impairment loss (Note 8.4)	**(1,638)**	(16,917)
Other adjustment / (disposal)	**6,332**	(154,920)
Balance at end of year	**9,309,103**	8,942,646

(Expressed in thousands of Saudi Riyal unless otherwise stated)

8. EQUITY-ACCOUNTED INVESTEES (continued)

8.2 The following table summarizes the financial information of significant equity-accounted investees:

	Almarai		Kinan		USCE	
	2023	2022	**2023**	2022	**2023**	2022
Percentage ownership interest	**34.52**	34.52	**29.9**	29.9	**33.82**	33.82
Non-current assets	**24,738,944**	23,947,662	**1,204,837**	2,221,683	**313,683**	255,521
Current assets	**11,455,071**	8,126,308	**1,894,293**	743,746	**912,058**	894,257
Non-current liabilities	**10,198,501**	10,007,653	**589,800**	559,891	**13,144**	11,678
Current liabilities	**8,186,689**	5,083,452	**398,719**	422,255	**780,858**	569,198
Net assets attributable to shareholders (100%)	**17,797,719**	16,671,360	**1,883,097**	1,749,895	**431,739**	568,902
Group's share of net assets	**6,143,773**	5,754,953	**563,046**	523,219	**146,014**	192,403
Carrying amount of interest in associates	**8,770,990**	8,387,491	**396,592**	356,764	**128,475**	185,345
Revenue	**19,575,585**	18,722,258	**542,334**	647,846	**1,664,421**	1,774,224
Profit / (loss) from attributable to shareholders (100%)	**2,049,123**	1,759,812	**207,982**	272,704	**(99,999)**	(43,161)
Other comprehensive income / (loss) attributable to shareholders (100%)	**(249,137)**	(74,451)	**(2,780)**	(2,602)	**(32,741)**	(18,506)
Total comprehensive income attributable to shareholders	**1,799,986**	1,685,361	**205,202**	270,102	**(132,740)**	(61,667)
Group's share of profit and total comprehensive income	**728,717**	439,345	**61,356**	80,761	**(56,870)**	(25,321)
Dividends received by the Group	**345,218**	345,218	**21,528**	11,609	**--**	--

8.3 As at December 31, 2023, the fair value of Almarai based on quoted market price amounted to SR 19.3 billion (December 31, 2022: SR 18.5 billion).

(Expressed in thousands of Saudi Riyal unless otherwise stated)

8. EQUITY-ACCOUNTED INVESTEES (continued)

8.4 During the year ended December 31, 2023, the Group has adjusted the carrying value of its investment in USCE based on its fair value and recorded an impairment charge amounting to SR 1.6 million (December 31,2022: SR 16.9 million). The fair value is assessed using income approach under "IFRS 13 – Fair value measurement". The significant assumptions used are as follows:

	2023	2022
EBITDA margin	**4.2%**	3.9%
Long term growth rate	**4.2%**	4.1%
Discount rate	**15.5%**	13.5%

- If forecast EBITDA margins decrease by 25 bps (average 3.98% over FY24-FY28), the value will decline by SR 7.8 million.
- If the discount rate increases by 50 bps, the value will decline by SR 3.9 million: and
- If the long-term rate growth rate decreases by 25 bps, the value will decline by SR 1.0 million.

9. INVESTMENTS

Investments comprise the following:

	December 31, 2023	December 31, 2022
Investments at fair value through other comprehensive income (Note 9.1)	**98,068**	104,428
Investments at fair value through profit or loss	**22,871**	43,448

9.1 Investments held at fair value through other comprehensive income:

	December 31, 2023	December 31, 2022
Quoted investments (Note 9.3)	**57,780**	55,871
Unquoted investments	**40,288**	48,557
	98,068	104,428

9.2 Movement in the FVOCI investments is as follows:

	2023	2022
Balance at beginning of year	**104,428**	475,425
Additions during the year	**--**	28,140
Disposal (Note 9.4)	**--**	(256,296)
Fair value reserves adjustment (Note 16)	**(6,360)**	(142,841)
Balance at end of year	**98,068**	104,428

9.3 The Group has applied an appropriate market participant discount factor in valuing one of its quoted investment due to the security-specific restrictions on disposal. Accordingly, the investment has been classified as level 2 securities.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

9. INVESTMENTS (continued)

9.4 During the year 2022, the Group had entered into an agreement with Taiba Investment Company for sale of its investments in Knowledge Economic City Company (KEC) and Knowledge Economic City Developers Company Limited (KECD). The sale transaction was completed on December 29, 2022 and generated cash proceeds amounting to SR 459 million, resulting in a gain of SR 39 million (related to KEC), recorded in the consolidated statement of other comprehensive income, and a gain of SR 41.9 million (related to KECD), recorded in the consolidated statement of profit or loss.

10. INVENTORIES

	December 31, 2023	December 31, 2022
Finished products	**2,211,445**	2,046,971
Raw and packing materials	**1,253,901**	1,859,009
Work in process	**74,726**	88,777
Spare parts and supplies	**278,184**	236,694
Goods in transit	**540,966**	601,246
	4,359,222	4,832,697
Less: Provision for obsolescence	**(107,336)**	(195,673)
	4,251,886	4,637,024

Inventories have been reduced by SR 161.5 million (December 31, 2022: SR 177.9 million) as a result of the write-down to net realizable value. Also refer Note 19.4.

Raw materials include raw sugar having cost of SR 200.2 million (December 31, 2022: SR 98.6 million) which are held under a fair value hedge relationship. As at December 31, 2023, the fair value of these raw sugar amounts to SR 156.4 million (December 31, 2022: SR 107.7 million).

11. TRADE RECEIVABLES

	December 31, 2023	December 31, 2022
Trade receivables	**1,924,403**	1,810,109
Less: Allowance for expected credit losses	**(187,699)**	(166,072)
	1,736,704	1,644,037
Due from related parties (Note 29)	**16,246**	14,356
	1,752,950	1,658,393

Following is the movement of allowance for expected credit losses:

	2023	2022
Balance at beginning of year	**166,072**	150,365
Transfer to assets classified as held for sale	**--**	(7,294)
Impairment loss for the year - net	**48,566**	32,798
Currency translation	**(26,939)**	(9,797)
Balance at end of year	**187,699**	166,072

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. PREPAYMENTS AND OTHER RECEIVABLES

	Note	**December 31, 2023**	December 31, 2022
Advances to vendors		**374,779**	452,344
Positive fair value of derivatives	12.3	**299,786**	73,222
Prepaid expenses		**241,580**	244,468
Receivable from government authorities	12.1	**167,881**	394,602
Change in fair value of hedged item		**111,391**	6,945
Due from related parties	29	**90,751**	31,732
Employee loans and advances		**60,953**	65,911
Non-trade receivable	12.2	**43,909**	43,909
Prepaid rent		**22,265**	19,821
Refundable deposits		**15,895**	5,709
Unclaimed dividends		**2,706**	36,761
Others		**135,305**	117,188
		1,567,201	1,492,612

12.1 Receivable from government authorities mainly includes claims of certain subsidiaries on account of subsidies, value added and other taxes.

12.2 This represents non-trade related balances with shareholder of a subsidiary.

12.3 Derivatives:

	December 31, 2023	December 31, 2022
Derivatives – current assets (classified under Prepayments and other receivables)		
Future exchange commodity contracts	**299,786**	73,222
Derivatives		
Call option (Note ‘a’)	**--**	25
Derivatives – current liabilities (classified under Accrued and other liabilities)		
Future exchange commodity contracts (Note ‘b’)	**246,536**	116,701
Derivatives		
Put option (Note ‘a’)	**274,255**	186,274

In the ordinary course of business, the Group utilizes the following derivative financial instruments for both hedging and other purposes:

(a) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at a fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. PREPAYMENTS AND OTHER RECEIVABLES (continued)

12.3 Derivatives (continued):

(b) Futures

Futures are contractual agreements to either buy or sell a specified commodity or financial instrument at a specified price and date in the future. Futures are transacted in standardized amounts on regulated exchanges.

The Group entered into call and put option agreement with European Bank for Reconstruction and Development ("EBRD") during March 2016, in relation to transaction for disposal of stake in USCE. As per the agreement, the option can be exercised as follows:

The agreement contains Put and Call options option, which entitles EBRD to sell USCE shares to the former shareholders at the agreed price during the period stipulated in the agreement. As per the agreement, the option can be exercised as follows:

- Call option: The Group has the right to deliver a call notice to EBRD to purchase all the shares held by EBRD in USCE from the fourth anniversary of the subscription date and ending 6.5 years after the subscription date; and
- Put option: EBRD has the right to deliver a put notice to the Group to sell all the shares held by EBRD in USCE commencing on 1 July and ending on the seventh anniversary of the subscription date.
- On February 22, 2023, the Group has signed an addendum with EBRD where the right to exercise call option has ended.

Subsequent to year end, the Group has signed an addendum with EBRD where the right to exercise put option period has replaced to commencing on (and including) April 1, 2024 and ending on (and including) April 15, 2024.

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the valuation of derivative financial instruments by the amounts shown below:

	2023			
	Fair Value 5%		Risk free rate 20 bps	
	Increase	Decrease	Increase	Decrease
Put Option	**5,193**	**(5,193)**	**20**	**(20)**

12.4 Derivatives held for other purposes

Derivatives used for other purposes is for positioning, arbitrage and short-term profit making purposes.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. PREPAYMENTS AND OTHER RECEIVABLES (continued)

12.5 Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (see Note 38 - credit risk, market risk and liquidity risk). Part of the risk management process involves managing the Group's exposure to fluctuations in inventory prices and interest rates to reduce its exposure to inventory and interest rate risks to acceptable levels as determined by the Board of Directors.

The Board of Directors have established levels of inventory risk by setting limits on counterparty and commodity derivative exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. The Board of Directors established the level of interest rate risk by setting limits on interest rate gaps for stipulated periods.

The Group uses commodity futures to hedge against inventory price risk on raw sugar, the fair value risk on the firm commitments for sale of refined sugar and the forecast transactions. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument, are documented and the transactions are accounted for as fair value hedge.

				Notional amount by term to maturity			
December 31, 2023	**Positive fair value**	**Negative fair value**	**Notional amount**	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**
Held as fair value hedge							
Commodity futures	**117,563**	**(111,486)**	**1,648,456**	**1,335,364**	**310,410**	**2,682**	--
Held as cash flow hedge							
Commodity futures	**47,040**	**(75,913)**	**1,070,753**	**260,641**	**791,180**	**18,932**	--
Held as others							
Commodity futures	**135,183**	**(59,137)**	**1,545,780**	**907,882**	**637,898**	--	--
Put Option	--	**274,255**	**274,255**	**69,741**	**204,514**	--	--

				Notional amount by term to maturity			
December 31, 2022	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held as fair value hedge							
Commodity futures	41,099	23,003	565,475	453,009	112,376	--	--
Held as cash flow hedge							
Commodity futures	32,123	40,239	1,174,515	580,666	594,450	--	--
Held as others							
Commodity futures	--	(53,459)	454,411	--	454,411	--	--
Call options	25	--	25	--	25	--	--
Put Option	--	186,274	186,274	--	186,274	--	--

All of the Group's Commodity derivatives are entered into with the global commodity exchanges and are mainly carried out by SFC's commodity risk control function.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. PREPAYMENTS AND OTHER RECEIVABLES (continued)

12.5 Derivatives held for hedging purposes (continued):

The Group is exposed to variability in future special commission cash flows on sukuks that carries interest at a variable rate.

Movements in the other reserve of cash flow hedges:

	2023	2022
Balance at beginning of year	**(5,667)**	(2,493)
Gain on changes in fair value recognized directly in equity, net	**(14,742)**	(3,174)
Balance at end of year	**(20,409)**	(5,667)

13. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash in hand	**43,795**	24,441
Cash at bank- current account	**743,688**	766,342
Cash and bank balances	**787,483**	790,783
Deposits with maturity less than three months	**425,710**	21,695
Cash and cash equivalents presented in statement of financial position	**1,213,193**	812,478
Bank overdrafts	**(80,734)**	(211,719)
Cash and cash equivalents for cash flow purposes	**1,132,459**	600,759
Term deposits (Note 13.1)	**738,395**	623,074

13.1 Term deposits are deposits with commercial banks, with an original maturity of more than three months and yield commission income at prevailing market rates. The management expects to realize these deposits within 12 months from the reporting date.

14. SHARE CAPITAL AND DIVIDEND DECLARATION

At December 31, 2023 and December 31, 2022, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

On May 10, 2023, the Company's shareholders in their Extraordinary General Assembly Meeting approved dividends to the Shareholders for the year ended December 31, 2022 with a total amount of SR 352.4 million at SR 0.66 per share.

Subsequent to the year ended December 31, 2023, the Group's Board has recommended to increase the share capital by SR 6 billion through right issue of shares. Further, the Board has also recommended the distribution of Group's entire shareholding in Almarai Company to the shareholders of the Group, subject to securing necessary approvals.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

15. STATUTORY RESERVE

In accordance with the Company's amended by-laws (refer Note 1), it is not required to set aside a statutory reserve. Nevertheless, the Ordinary General Assembly may, when determining dividends from the net profit, decide to allocate reserves in the amount that serves the Company's interests or ensure distribution of stable profits as much as possible to the shareholders. For this reason, the statutory reserve appearing in these consolidated financial statements is the previous statutory reserve of the Company, that was required as per the old Companies' Law. This reserve can be utilized for the benefit of the Company or its shareholders, upon a recommendation by the Board of Directors to the Ordinary General Assembly as per the Company's amended By-laws.

16. OTHER RESERVES

Other reserves include share of reserve of equity-accounted investees, FVOCI investments and cash flow hedge. Movement in other reserves is as follows:

	Note	**2023**	2022
Balance at beginning of year		**(452,731)**	(104,866)
Share in changes in other reserve of equity accounted investees		**12,137**	(172,973)
Fair value adjustment from FVOCI investments	9	**(6,360)**	(142,841)
Fair value adjustment from derivative financial instruments relating to the effective portion of cash flow hedge	12	**(14,742)**	(3,174)
Charge for equity-settled employees' share based payment plan		**5,183**	10,219
Transfer of fair value reserve of investments designated at FVOCI		**--**	(39,096)
Balance at end of year		**(456,513)**	(452,731)

17. SHARE BASED PAYMENT PLAN

On April 29, 2020, the shareholders of the Company approved the Employees Long Term Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Group (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of restricted share units (each unit equal to the value of one share of the Company at the Grant date), following the satisfaction of service condition.

Significant features of the Plans are as follows:

Grant date / employees entitled	**Total number of shares granted**		**Service / vesting period**	**Fair value per share on grant date**
	Key Management Personnel	**Other Senior Employees**		
September 10, 2023	170,586	529,590	3 years	SR 34.8
September 10, 2022	182,017	463,532	3 years	SR 31.2
September 10, 2021	135,185	268,462	3 years	SR 39.25
September 10, 2020	71,034	270,641	3 years	SR 49.0

Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

17. SHARE BASED PAYMENT PLAN (continued)

The total expense recognised for employees' services received during the period ended December 31, 2023, under the Plan amounted to SR 5.2 million (December 31, 2022: SR 10.3 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the consolidated statement of changes in equity under the 'Other reserves'.

During the period ended December 31, 2023, the September 10, 2020 Plan is vested resulting in vesting of 229,479 shares, while 112,196 shares were forfeited due to non-completion of service condition.

During the period ended December 31, 2023, the Group purchased 2,182,858 (December 31, 2022:637,955) treasury shares amounting to SR 80 million (December 31, 2022: SR 21.4 million) in connection with the Plan. This includes shares funded by certain subsidiaries that are held by the Company until the fulfilment of vesting period.

As at December 31, 2023, the number of shares to be vested are 1,530,797 (December 31, 2022: 1,166,407), after forfeiture of 218,575 shares (December 31, 2022: 205,705 shares) due to the non-completion of service condition of certain employees.

18. NON–CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that has significant / material Non-Controlling Interests ("NCI"), before any intra group eliminations:

December 31, 2023	SFC	Herfy	GFC
Non-current assets	**3,451,695**	**1,555,109**	**548,368**
Current assets	**6,805,514**	**351,562**	**529,873**
Non-current liabilities	**1,568,649**	**614,048**	**122,271**
Current liabilities	**6,336,940**	**259,147**	**689,801**
Net assets (100%)	**2,351,620**	**1,033,476**	**266,169**
Carrying amount of NCI	**351,394**	**527,314**	**220,459**
Revenue	**15,065,334**	**1,173,696**	**714,072**
Net profit	**580,618**	**8,386**	**58,150**
Other Comprehensive Income / (Loss) ("OCI")	**(364,371)**	**878**	**(1,168)**
Total comprehensive income (100%)	**216,247**	**9,264**	**56,982**
Profit allocated to NCI	**147,990**	**4,277**	**34,260**
Total comprehensive income allocated to NCI	**68,257**	**4,725**	**33,688**
Cash flow from operating activities	**1,229,131**	**190,465**	**88,195**
Cash flow from investing activities	**(123,406)**	**(46,019)**	**(28,860)**
Cash flow from financing activities	**(471,979)**	**(149,634)**	**(22,920)**
Dividends paid to NCI	**(38,281)**	**(16,493)**	**(7,350)**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

18. NON–CONTROLLING INTERESTS (continued)

December 31, 2022	SFC	Herfy	GFC
Non-current assets	3,709,695	1,597,110	504,076
Current assets	6,806,802	397,390	471,153
Non-current liabilities	1,670,856	651,252	611,465
Current liabilities	6,421,987	286,695	115,229
Net assets (100%)	2,423,654	1,056,553	248,535
Carrying amount of NCI	321,418	539,082	194,121
Revenue	16,440,803	1,243,838	670,009
Net Profit / (Loss)	499,732	(1,064)	23,168
Other Comprehensive Income / (Loss) (“OCI”)	(191,089)	9,408	(2,991)
Total comprehensive income (100%)	308,643	8,344	20,177
Profit / (Loss) allocated to NCI	94,838	(543)	30,285
Total comprehensive income allocated to NCI	81,106	4,255	(1,466)
Cash flow from operating activities	446,347	250,790	(55,476)
Cash flow from investing activities	(293,145)	(129,815)	(12,428)
Cash flow from financing activities	228,487	(131,164)	(28,222)
Dividend Paid to NCI	(34,562)	--	(28,865)

19. LOANS AND BORROWINGS

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

	December 31, 2023	December 31, 2022
Non-current liabilities		
Secured bank loans	**--**	14,845
Unsecured bond issues (Sukuk) (Note 19.2)	**1,000,000**	1,000,000
Unsecured bank loans	**3,699,990**	3,067,368
	4,699,990	4,082,213
Current liabilities		
Current portion of secured bank loans	**11,862**	29,691
Current portion of unsecured bank loans	**375,796**	415,886
Secured bank loans	**43,103**	141,873
Unsecured bank loans	**3,376,219**	3,263,214
Bank overdrafts	**80,734**	211,719
	3,887,714	4,062,383
	8,587,704	8,144,596

(Expressed in thousands of Saudi Riyal unless otherwise stated)

19. LOANS AND BOROWINGS (continued)

Geographical analysis of loans and borrowings is as follows:

Location	Long term loans		Short term Loan		Total loans and borrowings	
	2023	2022	**2023**	2022	**2023**	2022
Saudi Arabia	**5,017,000**	4,407,113	**2,595,155**	2,108,001	**7,612,155**	6,515,114
Egypt	**15,586**	120,677	**312,808**	286,053	**328,394**	406,730
Algeria	**--**	--	**55,239**	253,807	**55,239**	253,807
Turkey	**--**	--	**169,090**	245,230	**169,090**	245,230
Iran	**--**	--	**242,602**	492,501	**242,602**	492,501
UAE	**55,062**	--	**88,527**	115,085	**143,589**	115,085
Sudan	**--**	--	**36,635**	116,129	**36,635**	116,129
	5,087,648	4,527,790	**3,500,056**	3,616,806	**8,587,704**	8,144,596

19.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at December 31, 2023, loans and borrowings include sharia-compliant financing facilities amounting to SR 8.2 billion (December 31, 2022: SR 7.2 billion).

19.2 On July 9, 2019, the Group completed the offering of Sukuk, under the new program, with a total value of SR 1 billion with a tenor of 7 years and carrying an expected variable return to the Sukuk-holders of 6 months SIBOR plus 1.60% payable semi-annually. The Sukuk will mature on July 9, 2026. The issuance included SR 507 million of the previous Sukuk, that have been redeemed and exchanged to new program.

19.3 Property, plant and equipment amounting to SR 128.3 million (December 31, 2022: SR 147.5 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

19.4 Inventories amounting to SR 24.4 million (December 31, 2022: SR 74.3 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

20. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the year ended December 31, 2022, the Group decided to divest its interest in Savola Morocco Company and United Edible Oils Holding Limited in food processing segment, which were presented as 'held for sale'. Details of assets and liabilities held for sale are as follows:

	December 31, 2022
Assets classified as held for sale, relating to	
- Savola Morocco Company	186,910
- United Edible Oils Holding Limited	--
	186,910
Liabilities associated with assets held for sale, relating to	
- Savola Morocco Company	162,635
- United Edible Oils Holding Limited (Note 20.2)	3,074
	165,709

20.1 In this respect, the Company signed a Share Purchase Agreement (SPA) dated November 10, 2022 to sell the Company's interest in Savola Morocco Company. During the year, all legal formalities for the sale of Savola Morocco Company were completed and the net consideration of SR 41.4 million was received against net carrying amount and transaction charges of SR 22.9 million, resulting in a gain on disposal amounting to SR 18.5 million.

The net loss relating to these business disposal groups amounted to SR 12.3 million for the year ended December 31, 2022.

The carrying amounts of assets and liabilities of Savola Morocco Company as at the date of sale were as follows:

Current assets	**200,037**
Non-current assets	**36,355**
Current liabilities	**(213,879)**
Non-current liabilities	**(779)**
Carrying amount of assets and liabilities	**21,734**

20.2 United Edible Oils Holding Limited had excess of loss over cost of investment and was accordingly included in liabilities amounting to SR 3.07 million for the year ended December 31, 2022.

During the year ended December 31, 2023, the Group sold its investment in United Edible Oils Holding Limited under a SPA dated November 20, 2023. As of December 31, 2023, all legal formalities for the sale were completed, resulting in a gain on disposal amounting to SR 0.2 million.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

21. LEASE LIABILITIES

	2023	2022
Balance at beginning of year	**3,722,720**	3,856,998
Transfer to liabilities classified as held for sale (Note 20)	**--**	(1,669)
Addition during the year	**366,652**	349,218
Lease terminated / modified during the year	**(75,641)**	(43,742)
Interest expense for the year (Note 37)	**197,443**	253,881
Payments during the year	**(678,800)**	(677,348)
Currency translation	**(9,845)**	(14,618)
Balance at end of year	**3,522,529**	3,722,720

21.1 Lease liabilities have been presented in the consolidated statement of financial position as follows:

	December 31, 2023	December 31, 2022
Lease liabilities – non-current portion	**3,092,951**	3,156,281
Lease liabilities – current portion	**429,578**	566,439
	3,522,529	3,722,720

22. EMPLOYEE BENEFITS

General Description of the plan

The Group operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labour law and in accordance with the local statutory requirements of the foreign subsidiaries.

The amount recognized in the consolidated statement of financial position is determined as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	**842,718**	844,487

An independent actuarial exercise has been conducted as at December 31, 2023 and December 31, 2022 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Labour Laws of respective jurisdictions by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

Movement in net defined benefit liability
Net defined benefit liability comprises only of defined benefit plans.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

22. EMPLOYEE BENEFITS (continued)

Movement in net defined benefit liability (continued)

The movement in the defined benefit obligation during the year is as follows:

	2023	2022
Balance at beginning of year	**844,487**	857,358
Included in profit or loss		
Current service cost	**100,080**	101,538
Interest cost	**39,097**	26,814
	139,177	128,352
Included in other comprehensive income		
Re-measurement gain:		
Actuarial (gain) / loss arising from:		
Financial assumptions	**(38,342)**	(63,662)
Experience adjustment	**(5,593)**	24,050
Actuarial gain	**(43,935)**	(39,612)
Effect of movement in exchange rates	**(14,641)**	(8,376)
Benefits paid	**(82,370)**	(93,235)
Balance at end of year	**842,718**	844,487

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	December 31, 2023	December 31, 2022
Discount rate	**4.10% - 19.75%**	4.40% - 18%
Future salary growth / Expected rate of salary increase	**4.56% - 40%**	2.40% - 22%
Mortality rate	**0.10% - 0.38%**	0.10% - 0.20%
Employee turnover / withdrawal rates	**5.80% - 13.79%**	2.86% - 19%
Retirement age	**60 years**	60 years

The weighted average duration of the defined benefit obligation ranges between 5.2 to 21 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2023		December 31, 2022	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(58,742)**	**67,430**	(70,460)	82,091
Future salary growth (1% movement)	**69,187**	**(61,498)**	83,728	(67,303)
Withdrawal rates (10% movement)	**(5,339)**	**5,799**	(6,933)	7,529
Future mortality (1 year movement)	**53**	**(215)**	327	(492)

The analysis does not take account of the full distribution of cash flows expected under the plan, and only provides an approximation of the sensitivity of the assumptions considered.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

23. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023	2022	**2023**	2022	**2023**	2022
Property, plant and equipment	**--**	--	**(52,866)**	(61,915)	**(52,866)**	(61,915)
Provisions	**20,209**	11,069	**(10,264)**	(26,796)	**9,945**	(15,727)
Other items	**9,933**	5,262	**(22,545)**	(22,442)	**(12,612)**	(17,180)
Tax losses carry-forward	**21,024**	17,123	**--**	--	**21,024**	17,123
Net tax asset / (liabilities)	**51,166**	33,454	**(85,675)**	(111,153)	**(34,509)**	(77,699)

The movement in deferred tax liability-net, recognised in profit and loss and Other Comprehensive Income – Foreign Currency Translation differences ("OCI – CTR"), is as follows:

	January 1, 2023	**Recognised in profit of loss**	**Recognised in OCI – CTR**	**Other Adjustments**	**December 31, 2023**
Property, plant and equipment	**(61,915)**	**(1,019)**	**10,068**	**--**	**(52,866)**
Provisions	**(15,727)**	**26,999**	**(1,327)**	**--**	**9,945**
Other items	**(17,180)**	**4,857**	**(289)**	**--**	**(12,612)**
Tax carry-forwards	**17,123**	**8,739**	**(4,838)**	**--**	**21,024**
	(77,699)	**39,576**	**3,614**	**--**	**(34,509)**

	January 1, 2022	Recognised in profit of loss	Recognised in OCI – CTR	Other Adjustments	December 31, 2022
Property, plant and equipment	(98,241)	7,336	28,990	--	(61,915)
Provisions	(12,112)	(1,456)	(1,718)	(441)	(15,727)
Other items	(21,063)	4,669	(786)	--	(17,180)
Tax carry-forwards	15,870	5,418	(4,165)	--	17,123
	(115,546)	15,967	22,321	(441)	(77,699)

24. TRADE PAYABLES

	Note	**December 31, 2023**	December 31, 2022
Third parties		**3,312,657**	3,694,066
Related parties	29	**195,307**	199,039
		3,507,964	3,893,105

(Expressed in thousands of Saudi Riyal unless otherwise stated)

25. ACCRUED AND OTHER LIABILITIES

	Note	**December 31, 2023**	December 31, 2022
Accrued expenses		**918,067**	803,484
Marketing related accruals		**403,662**	439,903
Employee related accrual		**393,671**	341,590
Accrued zakat and tax	26	**362,139**	219,911
Negative fair value of derivatives	12.3	**246,536**	116,701
Advances from customers		**129,084**	77,877
Accrued utilities, freight and other charges		**111,353**	118,922
Payable to government authorities	25.1	**95,024**	78,577
Change in fair value of hedged item (firm commitments)		**73,655**	38,900
Payable to contractors		**71,292**	89,657
Brokers liability against hedging instruments		**60,464**	1,627
Accrued financial charges		**56,783**	86,465
Accrued rent	25.3	**23,438**	38,403
Provision against financial guarantee	25.2	**18,650**	18,650
Unclaimed dividend	25.4	**4,919**	2,612
Due to related parties	29	**--**	63,031
Other liabilities		**260,916**	234,242
		3,229,653	2,770,552

25.1 Payable to government authorities represents estimated payments to be made to government authorities related to custom duties, value added tax, subsidies and price adjustments on edible oil purchases.

25.2 Savola Group Company issued a corporate guarantee in favour of Saudi Industrial Development Fund (“SIDF”) along with certain other entities (together referred to as the “SIDF Guarantors”) for the loan facility availed by Eastern Industrial Company ("EICO", “Joussour Holding Company’s subsidiary” or Group’s affiliate). In 2018, the Company has received a notice from SIDF to settle its share of the guarantee due to default in repayment by EICO of SIDF loan, triggered from the adverse financial performance.

Accordingly, the Company recorded a provision amounting to SR 100.7 million during the year ended December 31, 2018.

25.3 This includes additional accrued rent resulting from the lease cancellation of retail outlets.

25.4 Unclaimed dividends represent dividend declared by the Company in prior years and share fractions, which resulted from split of shares in prior years. Such amounts have not yet been claimed by the respective shareholders. In the opinion of management, the unclaimed dividend represents the amount which can be claimed during the next year. However, the amount which have not been claimed for over three years are unlikely to be paid during the next year and accordingly, classified under long term payables.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

26. ZAKAT AND INCOME TAXES

Zakat and taxes included in the consolidated statement of profit or loss comprises of the following:

	December 31, 2023	December 31, 2022
Foreign income-tax charge	**229,618**	135,969
Zakat	**38,467**	48,474
	268,085	184,443
Deferred foreign income-tax reversal (Note 23)	**(39,576)**	(15,967)
	228,509	168,476

The movement in the accrued zakat and current income-taxes are as follows:

	2023	2022
Balance at beginning of year	**219,911**	226,873
Charge for the year	**268,085**	184,443
Transfer to liabilities held for sale	**--**	(13,952)
Currency translation	**(48,926)**	(99,049)
Payments during the year	**(76,931)**	(78,404)
Balance at end of year	**362,139**	219,911

(a) Zakat status

The Zakat, Tax and Customs Authority ("ZATCA") conducted a field audit on the Company's accounts for the years 2005 to 2012 and claimed additional Zakat difference of SR 85.8 million. Subsequently, the assessment was agreed with the ZATCA Settlement Committee and the Company settled the liability with an amount of SR 10.2 million. Moreover, the years from 2013 to 2018 were also finalized based on the disclosure initiative. The group settled additional liability of SR 5.4 million as per the amended returns. During the year 2020, the ZATCA issued a revised claim, for the previously finalized years from 2014 to 2018 claiming additional zakat difference of SR 59.5 million. The management had escalated the Company's objection against the said claim to the level of General Secretariat of Tax Committees (GSTC). The GSTC issued the official decision showing a reduction of Zakat difference to SR 29.6 million.

The management had transferred the case to the Appeal Committee and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these consolidated financial statements. The ZATCA issued amended assessments for years 1999 and 2000 and claimed additional SR 1.9 million. The case was escalated to the Bureau of Grievances.

ZATCA issued the assessment on a formerly owned subsidiary and claimed additional Zakat differences of SR 13 million. The case was escalated to the GSTC. The GSTC issued the official decision showing a reduction of Zakat difference to SR 7 million. Subsequently, the assessment was agreed with the ZATCA Settlement Committee, and the Company settled a liability with an amount of SR 2 million.

26. 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 2022. Accordingly, payment plans have been pursued as per the agreement with ZATCA and liabilities have been adjusted against the final settlement amounts. Also, the Group has pending appeals against additional claims and assessments of certain subsidiaries with total Zakat differences of SR 33.5 million (December 31, 2022: approximately SR 31 million). Moreover, the ZATCA issued an additional claim amounting to SR 51.8 million for another subsidiary for the years 2015 to 2018. The subsidiary escalated an objection against the said claim to the level of General Secretariat of Tax Committees and obtained a favourable outcome that resulted in no further liability.

(b) Income tax status

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Tax paying foreign subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advance tax determined on prior year tax liability bases.

Certain foreign subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.

27. CONTINGENCIES AND COMMITMENTS

	December 31, 2023	December 31, 2022
	Amounts in millions of Saudi Riyals	
Letters of credits	**19**	65
Bank guarantees	**186**	131
Commitments to buy raw sugar	**704**	175
Commitments to sell refined sugar	**1,314**	741
Capital commitments	**209**	38
	Quantity in Metric tonnes	
Commitments to buy raw sugar	**326,689**	96,550
Commitments to sell refined sugar	**457,874**	315,652

27.1 Also see Note 19 with respect to guarantees given for certain loans and Note 26 with respect to Zakat contingencies.

27.2 The Group has various leases (short-term leases) for its offices, warehouses, retail outlets and production facilities. Future rental commitments under these operating leases amounting to SR 30.25 million (December 31, 2022: SR 40.7 million) are payable within one year.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

27. CONTINGENCIES AND COMMITMENTS (continued)

27.3 During 2022, certain overseas subsidiaries in food processing segment received preliminary aggregate claims from local regulatory authorities and commercial banks amounting to SR 410 million, that were subsequently reduced to SR 297.4 million, to affect a new pricing mechanism for edible oil products by replacing subsidized rate mechanism. In this connection, such subsidiaries, while contesting the claims, have made payments of SR 197 million and accrued a provision amounting to SR 12 million, based on the management's best estimate.

During the year, the local regulator has raised additional claim amounting to SR 64 million. Management has challenged such claim and has recorded an additional provision amounting to SR 44.5 million, based on the management's best estimate.

28. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2023 and December 31, 2022 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding 531.462 million (December 31, 2022: 532.724 million) during such periods.

Diluted earnings per share for the year ended December 31, 2023 and December 31, 2022, have been computed by dividing the profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares i.e. 532.993 million (December 31, 2022: 533.890 million).

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

For Basic EPS calculation	**December 31, 2023**	December 31, 2022
Issued ordinary shares	**533,980,700**	533,980,700
Effect of treasury shares (note 17)	**(2,518,967)**	(1,257,045)
Weighted average number of ordinary shares outstanding	**531,461,733**	532,723,655

For Diluted EPS calculation	**December 31, 2023**	December 31, 2022
Weighted average number of ordinary shares outstanding (for basic EPS)	**531,461,733**	532,723,655
Effect of shares under employee share based option plan (note 17)	**1,530,797**	1,166,407
Weighted average number of ordinary shares outstanding	**532,992,530**	533,890,062

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES

Related parties include the Group's shareholders, associates, related companies and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

Key management personnel compensation

Compensation to the Group's key management personnel includes short term employee benefits amounting to SR 39.2 million (December 31, 2022: SR 34.8 million), post-employment benefits amounting to SR 1.1 million (December 31, 2022: SR 1.2 million) and Share-based payments expense amounting to SR 4.0 million (December 31, 2022: SR 2.6 million).

Board of Directors' remuneration for the year ended December 31, 2023 amounting to SR 2.2 million (December 31, 2022: SR 2.2 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit or loss and other comprehensive income. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 3.1 million (December 31, 2022: SR 3.1 million) are charged to expenses and included under administrative expenses.

Other related party transactions

A number of companies transacted with the Group during the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within agreed credit period from the date of transaction. None of the balances are secured. No expense has been recognised in the current or prior period for impairment in respect of amounts owed by related parties.

The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, common directorship and entities over which they have control or significant influence are as follows:

Name	**Relationship**	**Nature of transactions**	**Amount of transactions**		**Closing balance**	
			2023	2022	**December 31, 2023**	December 31, 2022
Due from related parties – Trade receivables						
Almarai	Associate	Sales	**69,647**	66,463	**7,362**	7,770
Western Bakeries Company Limited	Subsidiary of associate	Sales	**84,689**	73,585	**8,884**	6,586
					16,246	14,356

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES (continued)

Name	**Relationship**	**Nature of transactions**	**Amount of transactions**		**Closing balance**	
			2023	2022	**December 31, 2023**	December 31, 2022
Due from related parties – Prepayments and other receivables						
USCE	Associate	Margin Call / payments on behalf	**45,957**	--	**85,942**	--
		Others (compensation) (29.1)	**(42,438)**	--	**--**	--
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company (KASCO) (Note 20)	Subsidiary of associate	Payments on behalf	**7,219**	15,289	**--**	--
		Loan written off	**20,834**	--	**--**	28,053
Al Mehbaj Al Shamiyah Trading Company*	Common Directorship	Commission income	**7,180**	6,390	**3,788**	2,249
Waste Collection & Recycling Company*	Common Directorship	Scrap Sales	**2,561**	9,370	**444**	1,070
Zohoor Alreef*	Common Directorship	Rental Income	**166**	106	**577**	360
					90,751	31,732

29.1 Includes the compensation to USCE on account of mutually agreed cancellation of a contract due to certain restrictions imposed on export of refined beet sugar by the Government of Egypt.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES (continued)

Name	Relationship	Nature of transactions	Amount of transactions 2023	Amount of transactions 2022	Closing balance December 31, 2023	Closing balance December 31, 2022
Due to related parties – Trade payables						
Almarai	Associate	Purchases	**797,939**	716,998	**122,964**	116,378
Nestle Group*	Common Directorship	Purchases	**253,666**	243,135	**30,172**	33,519
Mayar Food Company*	Common Directorship	Purchases	**149,609**	122,388	**36,928**	45,272
Del Monte Saudi Arabia Limited*	Common Directorship	Purchases	**8,117**	66,018	**2,003**	2,668
Al Manhal Water Factory Company Limited*	Common Directorship	Purchases	**7,610**	6,146	**1,400**	1,153
Al Jazirah Dates & Food Factory*	Common Directorship	Purchases	**--**	3	**49**	49
Al Mehbaj Al Shamiyah Trading Company*	Common Directorship	Purchases	**9,591**	12,190	**1,791**	--
					195,307	199,039
Due to related parties – Accrued and other liabilities						
USCE	Associate	Loans / Advances	**147,879**	--	--	--
		Margin Call / payments on behalf	--	63,416	--	63,031
Kinan	Associate	Rental and lease payments	**24,842**	29,017	--	--
Dur Hospitality Company*	Common Directorship	Lease payments	**6,000**	18,000	--	--
Abdul Kader Al Muhaidib & Sons Co*	Shareholder	Lease payments	**15,480**	--	--	--
					--	63,031

*The above tables includes certain balances amounting to SR 4.8 million (December 31, 2022: SR 3.7 million) for due from related parties and SR 72.3 million (December 31, 2022: SR 82.7 million) for due to related parties pertaining to entities having common directorships or common key management personnel in accordance with local laws and regulations.

30. OPERATING SEGMENTS

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Food Processing - includes manufacturing, sale and distribution of Edible oils, Sugar, Pasta, Spices, Nuts, Pulses and other food products.

Retail - includes hyper markets, supermarkets and convenience stores operations.

Food Services - includes food products and fast food restaurants' chain operated by Herfy;

Frozen Food - includes manufacturing, wholesale and retail distribution of frozen food products operated by Good Food Company

Investments - includes real estate activities, investments in equity-accounted investees and other investments.

The segments which do not meet any of the quantitative thresholds for determining reportable segments, are classified as "Others / Eliminations", which mainly include the eliminations.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

30. OPERATING SEGMENTS (continued)

Performance is measured based on segment profit net of income tax and zakat, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding the results of each reportable segment is included below:

	Reportable Segments						
December 31, 2023	Food Processing	Retail	Food Services	Frozen Food	Investments	Others / Eliminations	Total
External revenues	14,668,964	10,326,447	1,148,043	674,863	--	--	26,818,317
Inter segment revenue	396,368	4,930	25,653	39,209	29,557	(495,717)	--
Segment Revenue (Note 30.1)	15,065,332	10,331,377	1,173,696	714,072	29,557	(495,717)	26,818,317
Cost of revenues	(12,709,048)	(7,773,626)	(889,283)	(463,592)	(20,501)	481,077	(21,374,973)
Share of results of equity- accounted investees, net of zakat and tax	(38,119)	--	--	--	756,932	--	718,813
Impairment reversal / (loss), net (Note 8 & 36)	65,521	46,828	--	--	(417)	--	111,932
Finance cost – net	(531,833)	(192,088)	(31,795)	(4,548)	(290,878)	--	(1,051,142)
Depreciation and amortisation	(257,736)	(637,536)	(174,663)	(23,544)	(29,627)	--	(1,123,106)
Others	(1,013,499)	(1,728,293)	(69,569)	(164,238)	(68,406)	14,640	(3,029,365)
Segment net profit before non-controlling interests	580,618	46,662	8,386	58,150	376,660	--	1,070,476
Segment net profit / (loss)	451,610	46,662	8,386	58,150	376,660	(42,283)	899,185
Investment in equity-accounted Investees	93,177	--	--	--	9,215,926	--	9,309,103
Segment assets	10,257,208	6,995,161	1,906,672	1,078,240	14,466,734	(4,741,352)	29,962,663
Segment liabilities	7,905,589	5,878,793	873,194	812,072	5,788,191	(829,696)	20,428,143

(Expressed in thousands of Saudi Riyal unless otherwise stated)

30. OPERATING SEGMENTS (continued)

	Reportable Segments						
December 31, 2022	Food Processing	Retail	Food Services	Frozen Food	Investments	Others / Eliminations	Total
External revenues	16,105,768	10,109,087	1,213,400	626,448	--	--	28,054,703
Inter segment revenue	335,035	4,923	30,438	43,561	27,335	(441,292)	--
Segment Revenue	16,440,803	10,114,010	1,243,838	670,009	27,335	(441,292)	28,054,703
Cost of revenues	(14,454,991)	(7,772,921)	(903,425)	(460,919)	(21,207)	432,841	(23,180,622)
Share of results of equity- accounted investees, net of zakat and tax	(21,242)	--	--	--	681,823	--	660,581
Impairment reversal / (loss), net (Note 8 & 36)	(14,880)	99,617	(17,545)	--	(2,037)	--	65,155
Finance cost – net	(290,737)	(169,726)	(75,332)	(4,114)	(136,467)	--	(676,376)
Depreciation and amortisation	(269,926)	(569,034)	(169,091)	(25,542)	(29,740)	--	(1,063,333)
Others	(889,295)	(1,860,117)	(79,509)	(125,981)	(48,772)	8,451	(2,995,223)
Segment net profit before non-controlling interests	499,732	(158,171)	(1,064)	53,453	470,935	--	864,885
Segment net profit / (loss)	404,894	(158,171)	(1,064)	53,453	470,935	(27,295)	742,752
Investment in equity-accounted investees	144,456	--	--	--	8,798,190	--	8,942,646
Segment assets (Note 30.2)	10,516,497	6,621,681	1,994,500	975,229	13,266,875	(3,810,134)	29,564,648
Segment liabilities	8,092,843	6,389,886	937,947	726,694	4,804,881	(704,296)	20,247,955

30.1 The Revenue of the Group is contributed by Arabia (which represents GCC and Levant), Egypt and other geographical locations amounting to SR 18.3 billion, SR 4.2 billion and SR 4.3 billion respectively (2022: SR 18.5 billion, SR 3.9 billion and SR 5.7 billion).

30.2 The Non-current assets of the Group is contributed by Arabia (which represents GCC and Levant), Egypt and other geographical locations amounting to SR 19.2 billion, SR 0.7 billion and SR 0.5 billion respectively (2022: SR 18.5 billion, SR 0.9 billion and SR 0.7 billion).

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31. REVENUE

The Group generates revenue primarily from the sale of goods. Other sources of revenue include rental income.

	Reportable Segments						
2023	**Food Processing**	**Retail**	**Food services**	**Frozen Food**	**Investments**	**Others / Eliminations**	**Total**
Products transferred at a point in time	**15,065,332**	**10,291,501**	**1,147,740**	**714,072**	**--**	**(495,717)**	**26,722,928**
Products and services transferred over time	**--**	**39,876**	**25,956**	**--**	**29,557**	**--**	**95,389**
Total revenue	**15,065,332**	**10,331,377**	**1,173,696**	**714,072**	**29,557**	**(495,717)**	**26,818,317**

	Reportable Segments						
2022	Food Processing	Retail	Food services	Frozen Food	Investments	Others / Eliminations	Total
Products transferred at a point in time	16,440,803	10,072,714	1,222,024	670,009	--	(413,957)	27,991,593
Products and services transferred over time	--	41,296	21,814	--	27,335	(27,335)	63,110
Total revenue	16,440,803	10,114,010	1,243,838	670,009	27,335	(441,292)	28,054,703

32. COST OF REVENUES

	2023	2022
Inventories consumed / sold*	**19,519,015**	21,123,830
Salaries and employee related expenses	**775,466**	804,835
Overheads	**429,625**	574,741
Depreciation and amortisation	**419,371**	420,279
Freight & handling	**231,496**	256,937
	21,374,973	23,180,622

* Inventories consumed / sold are net of rebates, commercial and promotional income from retail business.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

33. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
Salaries and employee related expenses	**1,463,991**	1,411,896
Depreciation and amortisation	**613,754**	557,182
Advertisement	**308,542**	317,922
Utilities	**186,886**	234,591
Rent	**109,641**	103,112
Commission	**103,791**	113,604
Maintenance	**82,928**	100,956
Impairment loss on trade receivables - net (Note 11)	**48,566**	32,798
Insurance	**27,061**	28,906
Communication	**9,930**	9,886
Others	**32,122**	45,606
	2,987,212	2,956,459

34. ADMINISTRATIVE EXPENSES

	2023	2022
Salaries and employee related expenses	**531,837**	548,508
Depreciation and amortisation	**89,981**	85,872
IT related cost	**60,534**	77,853
Professional fees	**58,120**	94,092
Training, subscriptions and conferences	**39,387**	34,752
Utilities, telephone and communication cost	**22,404**	4,220
Insurance	**21,445**	18,971
Repairs and maintenance	**9,615**	11,035
Traveling	**9,737**	9,114
Rent	**4,552**	2,714
Others	**107,815**	88,361
	955,427	975,492

35. HYPERINFLATIONARY ACCOUNTING

The Group closely monitors the economic conditions for its foreign operations including qualitative consideration prescribed in IAS 29 – Financial Reporting in Hyperinflationary Economies. The Group uses available official statistics or other reliable information sources to estimate the impact of hyperinflation.

Accordingly, during the year ended December 31, 2023 the Group's foreign operations in Iran, Sudan and Turkey were subject to hyperinflation and reported amounts of the local operations have been adjusted in accordance with IAS 29. The official statistics published for Iran, Sudan and Turkey have been used to estimate the hyperinflation accounting impact recorded during the year ended December 31, 2023.

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35. HYPERINFLATIONARY ACCOUNTING (continued)

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

	Iran	Sudan	Turkey	Total
Year ended December 31, 2023				
Revenue increased / (decreased) by	**78,904**	**(107,540)**	**37,610**	**8,974**
Profit for the year increased / (decreased) by	**(34,346)**	**8,888**	**(13,203)**	**(38,661)**
Net monetary loss/gain	**(15,428)**	**(4,297)**	**(8,845)**	**(28,570)**
Total non-current assets increased / (decreased) by	**(97,802)**	**(33,254)**	**10,141**	**(120,915)**
Currency translation differences impacted by	**(63,849)**	**(49,584)**	**19,598**	**(93,835)**
Year ended December 31, 2022				
Revenue increased by	123,693	230,542	69,400	423,635
Profit for the year decreased by	(47,747)	(11,626)	(7,138)	(66,511)
Net monetary loss	(56,292)	(7,950)	(5,598)	(69,840)
Total non-current assets increased by	69,339	15,046	28,377	112,762
Currency translation reserve increased / (decreased) by	130,567	(174)	40,656	171,049

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

	December 31, 2023	December 31, 2022
Conversion factor for Iran	**1.3931**	1.4615
Conversion factor for Sudan	**1.0921**	2.0703
Conversion factor for Turkey	**1.6477**	1.6427

Subsequent to the year ended December 31, 2023, on March 6, 2024, the Central Bank of Egypt announced the devaluation of Egyptian Pound (EGP) leading to a significant drop in exchange rates and hike in interest rates. Given the prior cumulative 3-year inflation rates and with the current devaluation in March 2024, a review of the hyperinflationary accounting for EGP in accordance with IAS 29, may be triggered. The Group is closely monitoring the possible impacts of the hyperinflation on its operations in Egypt.

36. IMPAIRMENT REVERSAL / LOSS

The Group reviews the carrying amounts of its non-financial assets including goodwill to determine whether their carrying values exceed the recoverable amounts. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is established based on the estimated future cash flows on the basis of budget after excluding impact of future renovation, using growth rates, terminal value percentages and discounting to their present value using pre-tax discount rates as mentioned in Note 36(a) and 36(c).

(Expressed in thousands of Saudi Riyal unless otherwise stated)

36. IMPAIRMENT REVERSAL / LOSS (continued)

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Following are the details of the impairment assessment carried out in retail segment;

Key assumptions used for determination of value in use except for freehold land:

Cash flow projections were prepared using budgeted earnings before interest, zakat, depreciation and amortisation (EBITDA) taking into account past experience, and following factors:

(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 discount rate which was estimated using industry average weighted-average cost of capital and cost of debt, with a target debt to equity ratio of 56.3% (December 31, 2022: 81.2%) at a post Zakat cost of debt of 6.3% (December 31, 2022: 6.6%).

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

During the year, the Group has recognised an impairment reversal of SR 4.4 million (December 31, 2022: SR 37.8 million) against right-of-use assets; impairment reversal of SR 2.5 million (December 31, 2022: SR 36.7 million) against items of property, plant and equipment; and, impairment reversal of SR 0.5 million (December 31, 2022: SR 1.5 million) against intangible assets, due to favourable changes in economic environment affecting footfall and basket size in retail segment.

The recoverable amount is based on "value-in-use" method and was determined at the level of cash generating unit ("CGU") as identified by management and consists of the net operating assets of each store. In determining value in use for the CGUs, the cash flows (determined using approved five-year business plan and budget) were discounted at a rate of 12.8% to 14.1% (December 31, 2022: 12.6% to 13.7%) on a post-Zakat basis and were projected up to the year 2028. Fair value less costs to sell was used as the basis to determine recoverable amount for two owned stores.

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

	2023	2022
Budgeted gross margin	**25.5% to 26.3%**	24.5% to 26.2%
Revenue growth rate	**3.0% to 4.4%**	3.0% to 3.9%
Operating expenses as percentage of sale	**17.0% to 17.9%**	17.7% to 18.2%
Budgeted EBITDA margins	**8.4% to 8.5%**	6.8% to 8.0%
Discount rate	**12.8% to 14.1%**	12.6% to 13.7%
Terminal growth value	**2.0%**	2.0%

(Expressed in thousands of Saudi Riyal unless otherwise stated)

36. IMPAIRMENT REVERSAL / LOSS (continued)

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

The Group recognized an impairment reversal of SR 39.4 million (2022: SR 36.3 million) on freehold lands, due to favorable changes in market dynamics.

The recoverable amount is estimated by three independent experts and is based on "comparable" method (VIU or FVLCS) and was determined at the level of individual assets as identified by management i.e. the CGU. In determining market value, properties with similar characteristics in the same market area that have recently been sold were selected. Once those properties were found, they were compared to the properties in question and an adjustment in value was made for comparative deficiencies and advantages.

c) *Impairment loss on goodwill:*

An impairment loss of SR 12.7 million was recognised during the year ended December 31, 2022, on the goodwill of Atabet Al Bab Communications and Information Technology LLC.

The key assumptions used for determination of recoverable amounts, using value in use basis, were as follows:

	2022
Budgeted gross margin	19.1% to 21.3%
Weighted average revenue growth rate	8.1%
Operating expenses as percentage of sales	25.0% to 29.9%
Budgeted EBITDA margins	-8.6% to -5.9%
Discount rate	12.0%
Terminal growth value	2.0%

The calculation of value in use is most sensitive to the assumptions on revenue growth rate and operating expenses as percentage of revenue and long-term growth rate used to extrapolate cash flows beyond the budget period of 5 years.

Following are the details of the impairment assessment carried out in Foods Processing;

a) Impairment loss on goodwill

During the year ended December 31, 2023, an impairment loss amounting to SR 75 million has been recognised, on the goodwill of Bayara Holding Company, based on determination of recoverable value, where the fair value was estimated using discounted cashflows model. The key assumptions used for determination of recoverable amounts, using fair value less costs of disposal, were as follows:

	2023
Budgeted EBITDA margins	**10.2% to 15.9%**
Discount rate	**13.3% to 14.5%**
Terminal growth value	**2.1%**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

36. IMPAIRMENT REVERSAL / LOSS (continued)

b) Impairment reversal on recoverable amount of non-current assets excluding freehold land:

In 2016, an impairment loss amounting to SR 160 million (CGU: business operation) was recorded against the property, plant and equipment of a subsidiary in food processing segment. During recent years, the results of the subsidiary have shown consistent considerable improvement. Based on determination of recoverable amount, where the value in use was estimated using income approach, a reversal of impairment amounting to SR 160 million was recorded in these consolidated financial statements.

The key assumptions used for determination of recoverable amounts, using discounted cashflows model (over a period of 5 years), are as follows:

	2023
Budgeted EBITDA margins	**25.4%**
Discount rate	**24% to 25%**
Terminal growth value	**5.1%**

Furthermore, the onset of an armed conflict in the Republic of Sudan during 2023 led to identification of certain impairment indicators for the Group's subsidiary located in this territory. Accordingly, the recoverability of this entity's assets (CGU: business operation) was assessed based on the value in use method. The recoverable amount was estimated using the income approach derived from financial forecasts under different scenarios. Estimates utilized in the projected cash flows included growth rates, pre-tax discount rates and terminal value percentages and resulted in an impairment loss amounting to SR 18.3 million and was recorded in these consolidated financial statements. Also see Note 41.

The significant assumptions used are as follows:

	2023
Budgeted EBITDA margins	**10.1%**
Discount rate	**77.5%**
Terminal growth value	**4.9%**
Discount rate used for terminal year	**62.5%**

The calculation of value in use is most sensitive to the assumptions on revenue growth rate and operating expenses as percentage of revenue and long-term growth rate used to extrapolate cash flows beyond the budgeted period.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

37. NET FINANCE COST

	2023	2022
Commission income on bank deposits	**138,060**	72,774
Gain on re-measurement of other commodity futures	**--**	2,377
Finance income	**138,060**	75,151
Financial charges on borrowings	**729,539**	419,211
Interest expense on lease liabilities	**197,443**	253,881
Bank commission	**24,045**	29,555
Foreign exchange loss, net	**90,184**	616
Negative fair value of options	**88,007**	24,521
Loss on re-measurement of other commodity futures	**56,755**	18,117
Unwinding of discount on site restoration	**3,229**	5,626
Finance cost	**1,189,202**	751,527
Net finance cost recognized in profit or loss	**1,051,142**	676,376

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

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

Risk management framework

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

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

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Risk management framework (continued)

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

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

Market risk

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

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

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

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	December 31, 2023	December 31, 2022
Fixed rate instruments		
Financial assets	**797,795**	449,896
Financial liabilities	**1,469,234**	1,913,643
Variable rate instruments		
Financial assets	**356,076**	194,872
Financial liabilities	**7,118,470**	6,230,953

The fair value of fixed rate financial liabilities amounted to SR 1,448 million (2022: SR 1,888 million).

Sensitivity analysis for fixed rate instruments
Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 6.7 million (2022: SR 14.6 million).

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis for variable rate instruments
Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 67.62 million (2022: SR 63.0 million).

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

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

Following is the significant gross financial position exposure (in thousands) classified into separate foreign currencies:

	December 31, 2023					
	US Dollars	**Iranian Riyals**	**Egyptian Pounds**	**Sudanese Pounds**	**Turkish Lira**	**United Arab Emirates Dirhams**
Trade receivables	**37,634**	**37,395,757,656**	**1,586,968**	**4,435,710**	**615,203**	**40,709**
Other receivables	**69**	**568,723,572**	**903,766**	**11,021,188**	**220,588**	**12,798**
Cash and bank balances	**39,456**	**43,390,900,376**	**4,344,086**	**372,767**	**24,275**	**47,107**
	77,159	**81,355,381,604**	**6,834,820**	**15,829,665**	**860,066**	**100,614**
Trade payables	**175,204**	**42,150,926,506**	**1,400,549**	**3,263,018**	**232,232**	**21,040**
Other payables	**35**	**16,600,890,073**	**1,845,655**	**9,855,402**	**126,192**	**29,907**
Loans and borrowings	**71,254**	**20,800,166,503**	**601,980**	**11,765,012**	**984,114**	**10,348**
	246,493	**79,551,983,082**	**3,848,184**	**24,883,432**	**1,342,538**	**61,295**
Net exposure	**(169,334)**	**1,803,398,522**	**2,986,636**	**(9,053,767)**	**(482,472)**	**39,319**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Market risk (continued)

Currency risk (continued)

	December 31, 2022					
	US Dollars	Iranian Riyals	Egyptian Pounds	Sudanese Pounds	Turkish Lira	United Arab Emirates Dirhams
Trade receivables	16,107	21,085,687,596	497,747	3,662,978	524,493	41,221
Other receivables	11,970	2,000,392,977	443,754	81,099	--	3,052
Cash and bank balances	34,921	28,838,442,032	1,435,676	2,619,042	127,299	25,574
	62,998	51,924,522,605	2,377,177	6,363,119	651,792	69,847
Trade payables	78,084	32,586,265,160	1,116,459	1,009,052	74,400	29,753
Other payables	4,543	7,141,816,081	1,390,353	1,826,122	72,104	21,159
Loans and borrowings	70,962	37,862,644,042	1,304,029	17,844,624	1,222,660	12,652
	153,589	77,590,725,283	3,810,841	20,679,798	1,369,164	63,564
Net exposure	(90,591)	(25,666,202,678)	(1,433,664)	(14,316,679)	(717,372)	6,283

Significant exchange rates applied during the year were as follows:

	Average rate		**Spot rate**	
	For the year ended December 31,		**As at December 31,**	
	2023	2022	**2023**	2022
Foreign currency per Saudi Riyal				
US Dollars	**0.27**	0.27	**0.27**	0.27
Iranian Riyals	**90,508**	71,158	**104,125**	76,891
Egyptian Pounds	**7.43**	5.40	**8.26**	6.6
Sudanese Pounds	**230.29**	137.26	**306.67**	153.91
Turkish Lira	**6.41**	4.21	**7.84**	4.97
United Arab Emirates Dirhams	**1.02**	1.02	**1.02**	1.02

The Group's investments in foreign subsidiaries are not hedged.

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase equity and profit before zakat and income tax for the year by SR 3.0 million (2022: SR 11.1 million).

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Price risk

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

Further, as disclosed in Note 12, the put and call option are periodically valued based on Black Scholes' model using certain assumptions including the sugar prices; the fluctuations of which affects the valuations.

Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in Note 10 to these consolidated financial statements. As at December 31, 2023, the Company's overall exposure to price risk is limited to the fair value of those positions.

Sensitivity analysis

The net assets of the Group will increase / (decrease) by SR 1.21 million (2022: SR 1.48 million) if the prices of equity securities vary due to increase / decrease in fair values by 1% with all other factors held constant.

Credit risk

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Credit risk (continued)

The Group's maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Financial assets		
Trade receivables	**1,940,649**	1,824,465
Other receivables	**210,442**	446,303
Derivatives	**299,786**	73,222
Bank balances (Cash and cash equivalents and term deposits)	**1,907,793**	1,412,384
	4,358,670	3,756,374

Trade receivables are carried net of allowance for Expected Credit Losses amounting to SR 187.7 million (December 31, 2022: SR 166.1 million).

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

The following table provides information about the exposure to credit risk for receivables as at December 31:

		December 31, 2023	
	Weighted average loss rate	**Gross carrying amounts**	**Loss amount**
Current (not past due)	**0.44%**	**1,410,026**	**6,240**
1–30 days past due	**1.23%**	**192,563**	**2,363**
31–60 days past due	**2.89%**	**60,191**	**1,742**
61–90 days past due	**7.89%**	**26,856**	**2,118**
More than 90 days past due	**69.81%**	**251,013**	**175,236**
Total		**1,940,649**	**187,699**

		December 31, 2022	
	Weighted average loss rate	Gross carrying amounts	Loss amount
Current (not past due)	0.75%	1,340,538	11,845
1–30 days past due	0.67%	200,797	1,871
31–60 days past due	2.54%	52,108	2,267
61–90 days past due	5.49%	64,918	2,994
More than 90 days past due	61.36%	166,104	147,095
Total		1,824,465	166,072

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Credit risk (continued)

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

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

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

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

Concentration Risk

The sector wise analysis of receivables is given below:

	December 31, 2023	December 31, 2022
Wholesale / Retail	**1,036,582**	1,153,119
Manufacturing	**484,203**	286,655
Exports	**197,880**	237,346
Others	**221,984**	147,345
	1,940,649	1,824,465
Less: Allowance for Expected Credit Losses	**(187,699)**	(166,072)
	1,752,950	1,658,393

The maximum exposure to credit risk for receivables by geographic region is as follows:

	December 31, 2023	December 31, 2022
Saudi Arabia	**1,185,589**	1,121,202
Turkey	**103,065**	124,639
Egypt	**237,708**	130,866
Iran	**204,837**	140,974
UAE	**147,189**	242,924
Other Regions	**62,261**	63,860
	1,940,649	1,824,465
Less: Allowance for Expected Credit Losses	**(187,699)**	(166,072)
	1,752,950	1,658,393

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Liquidity risk

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

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

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
December 31, 2023	**Carrying Amount**	**Less than 6 months**	**6 months to 1 year**	**1 year to 3 years**	**3 years to 5 years**	**More than 5 years**
Non-derivative financial liabilities						
Loans and borrowings	**8,587,704**	**3,584,849**	**447,847**	**2,643,883**	**2,299,070**	**--**
Lease liabilities	**3,522,529**	**284,160**	**314,722**	**1,095,677**	**763,350**	**1,934,901**
Trade payables	**3,507,964**	**3,507,964**	**--**	**--**	**--**	**--**
Accrued and other liabilities	**2,374,628**	**2,374,628**	**--**	**--**	**--**	**--**
Unclaimed dividends	**229,023**	**4,919**	**--**	**224,104**	**--**	**--**
	18,221,848	**9,756,520**	**762,569**	**3,963,664**	**3,062,420**	**1,934,901**
Derivative financial liabilities						
Derivative contracts used for hedging	**187,399**	**186,395**	**974**	**3**	**--**	**--**
Put Option	**274,255**	**--**	**281,470**	**--**	**--**	**--**
Other derivative contracts not for hedging	**59,137**	**59,137**	**--**	**--**	**--**	**--**
	520,791	**245,532**	**282,444**	**30**	**--**	**--**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Liquidity risk (continued)

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

		Contractual cash flows				
December 31, 2022	Carrying Amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	8,144,596	3,800,816	657,254	1,217,497	2,212,095	1,478,884
Lease liabilities	3,722,720	310,789	278,173	1,081,363	1,025,305	2,147,084
Trade payables	3,893,105	3,858,762	34,343	--	--	--
Accrued and other liabilities	2,308,434	2,308,434	--	--	--	--
Unclaimed dividends	261,068	2,612	--	258,456	--	--
	18,329,923	10,281,413	969,770	2,557,316	3,237,400	3,625,968

		Contractual cash flows				
December 31, 2022	Carrying Amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Derivative financial liabilities						
Derivative contracts used for hedging	63,238	42,833	20,405	4	--	--
Put Option	186,274	--	190,683	--	--	--
Other derivative contracts not for hedging	53,459	53,459	--	--	--	--
	302,971	96,292	211,088	4	--	--

Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities (continued)

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As the Group’s financial instruments are compiled under the historical cost convention, except for FVOCI investments, FVTPL investments, inventory and firm commitments under fair value relationships, and derivative financial instruments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group’s financial assets and liabilities are not materially different from their carrying values.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities (continued)

	Carrying amount				Fair Value			
December 31, 2023	**Mandatorily at FVTPL - others**	**Designated at fair value**	**Hedging instruments**	**FVOCI**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Investment at fair value through profit or loss (Note 9)	22,871	--	--	--	--	--	22,871	22,871
Future exchange contracts used for hedging	--	--	299,786	--	--	299,786	--	299,786
Equity securities (Note 9)	--	--	--	98,068	4,522	53,258	40,288	98,068
	22,871	--	299,786	98,068	4,522	353,044	63,159	420,725
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	246,536	--	--	246,536	--	246,536
Other future exchange contracts	--	59,137	--	--	--	59,137	--	59,137
Put option	--	274,255	--	--	--	--	274,255	274,255
	--	333,392	246,536	--	--	305,673	274,255	579,928

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Fair value of assets and liabilities (continued)

	Carrying amount				Fair Value			
December 31, 2022	Mandatorily at FVTPL - others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment at fair value through profit or loss (Note 9)	43,448	--	--	--	1,109	--	42,339	43,448
Future exchange contracts used for hedging	--	--	73,222	--	--	73,222	--	73,222
Call option	--	25	--	--	--	--	25	25
Equity securities (Note 9)	--	--	--	104,428	--	55,871	48,557	104,428
	43,448	25	73,222	104,428	1,109	129,093	90,921	221,123
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	116,701	--	--	116,701	--	116,701
Other future exchange contracts	--	53,459	--	--	--	53,459	--	53,459
Put option	--	186,274	--	--	--	--	186,274	186,274
	--	239,733	116,701	--	--	170,160	186,274	356,434

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

Level 3 recurring fair values (reconciliation of Level 3 fair values)

The net change in the level 3 recurring fair value financial assets and financial liabilities is SR 27.8 million (December 31, 2022: SR 62.2 million) and SR 88.0 million (December 31, 2022: SR 22.1 million) respectively.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair value, as well as significant unobservable input used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Equity securities	Market comparison technique. PE multiple, Price to Book value.	Price Earnings Multiples, Discount factor, Price to Book value and Price to Tangible Book Value.	Not applicable
Future contracts	Broker quotes	Not applicable	Not applicable
Put and Call option	Black Scholes Model	Strike price Volatility of Sugar index Spot price (fair value)	Increase in fair value will decrease the Put Option and increase the Call option values. Increase in volatility index will increase the value of Put and Call options.

39. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a leverage ratio, which is calculated as total liabilities (as shown in the statement of financial position) less Cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserves.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

39. CAPITAL MANAGEMENT (continued)

The leverage ratio is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	**20,428,143**	20,247,955
Less: Cash and cash equivalents	**(1,213,193)**	(812,478)
Adjusted net debt	**19,214,950**	19,435,477
Total equity	**9,534,520**	9,316,693
Hedging reserve (Note 12)	**20,409**	5,667
Adjusted equity	**9,554,929**	9,322,360
Adjusted net debt to adjusted equity ratio	**2.01**	2.08

40. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

a) Standards, interpretations, and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning on or after January 1, 2023 and that are available for early adoption in annual periods beginning on January 1, 2023.

Standards, amendments, interpretations	***Description***	***Effective date***
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	01 January 2023
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	01 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	There amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	01 January 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

40. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE (continued)

a) Standards, interpretations, and amendments issued (continued)

Standards, amendments, interpretations	***Description***	***Effective date***
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	01 January 2023
Amendments to IAS 8	Definition of accounting estimates	01 January 2023

b) Standards, interpretations, and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standards, amendments, interpretations	***Description***	***Effective from periods beginning on or after the following date***
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	01 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	01 January 2024

(Expressed in thousands of Saudi Riyal unless otherwise stated)

40. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE (continued)

b) Standards, interpretations, and amendments issued but not yet effective (continued)

Standards, amendments, interpretations	***Description***	***Effective from periods beginning on or after the following date***
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	01 January 2024
IFRS S1 & IFRS S2, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	01 January 2024 subject to endorsement from SOCPA
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	01 January 2024 (Available for optional adoption / effective date deferred indefinitely)

The standards, interpretations, and amendments with an effective date of January 1, 2023, will not have any material impact on the Group's consolidated financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the Group's financial statements on adoption.

41. SUDAN OPERATIONS

During April 2023, an armed conflict began in the Republic of Sudan. In this respect, the management has temporarily suspended production operations keeping in view the safety of its workforce and set-up a taskforce to closely monitor the situation and assess the impact on its operations. As of December 31, 2023, except for the matters explained in Note 36, management believes that the possible impact is not material to the Group's operations.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on March 25, 2024, corresponding to Ramadan 15, 1445H.