SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021
together with the Independent Auditor's Report

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

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 ٥٥٠٧٨
جده ٢١٥٣٤
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, 2021, 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 significant 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, 2021, 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).

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 professional code of conduct and ethics that are 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment testing of non-financial assets

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

Key audit matter	How the matter was addressed in our audit
As at December 31, 2021, the carrying value of intangible assets and goodwill amounted to SR 1,858 million (2020: SR 912 million), the carrying value of property, plant and equipment and right-of-use (RoU) assets amounted to SR 5,872 million (2020: SR 6,228 million) and SR 3,313 million (2020: 3,912 million) respectively. Impairment loss (net) recognised on the non-financial assets during the year ended December 31, 2021 amounted to SR 363 million (2020: SR 50 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 RoU 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. A value in use model requires input of several key assumptions, including estimates of future sales volumes, prices, operating costs, terminal value, growth rates 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 valuation of non-financial assets including items of PPE, intangible assets and goodwill, 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: - Assessed the appropriateness of the Group's accounting policies for measurement of non-financial assets in line with the requirements of International Financial Reporting Standards (IFRS); - Assessed the design and implementation, and tested the operating effectiveness of the Group's controls around impairment assessment; - Checked the accuracy and completeness of the information produced by management, which was used as the basis of the impairment assessment; - Checked mathematical accuracy of the models used by the management; - Engaged our internal valuations specialist to assess the key assumptions used in the value in use calculation. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates; - Compared forecasts to historical experience and applied our understanding of the future prospects of the business from internal and external sources; - Performed a sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the respective CGUs; and - Considered the adequacy of the Group's related disclosures in terms of applicable accounting standards.

KPMG

Independent Auditor's Report

To the Shareholders of Savola Group Company (continued)

Valuation of equity-accounted investees

Refer Note 3(b)(iii) for the accounting policy relating to equity-accounted investees and Note 9 for the related disclosures:

Key audit matter

As at December 31, 2021, the carrying value of equity-accounted investees amounted to SR 8,986 million (2020: SR 9,054 million).

Equity accounted investments are accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures. This has been identified as a key audit matter due to the significance of the amounts involved, the complexities attached to the determination of carrying values at reporting dates, trade and capital transactions with investees and judgment involved in the determination of possible impairment loss.

How the matter was addressed in our audit

We performed the following audit procedures in relation to valuation of equity-accounted investees:

- Assessed the appropriateness of the Group's accounting policies for measurement of equity accounted investments in line with the requirements of International Financial Reporting Standards (IFRS);
- Assessed the design and implementation, and tested the operating effectiveness of the Group's controls around recognition and subsequent measurement of Equity accounted investees including the impairment assessment process;
- Verified components of equity accounted investments from underlying details and supporting documentation;
- Evaluated the process by which the Group's cash flow forecasts for the equity-accounted investees (where there are indicators of impairment) were developed;
- Engaged our internal valuations specialist to assess the key assumptions used in the recoverable amount calculation. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates and performed a sensitivity analysis on these key assumptions;
- Checked the mathematical accuracy of the impairment models;
- Tested the accuracy and completeness of the information produced by management, which was used for the basis of the impairment assessment; and
- Considered the adequacy of the Group's equity-accounted investees' disclosures in terms of applicable accounting standards.

Independent Auditor's Report

To the Shareholders of Savola Group Company (continued)

Valuation of Inventories

Refer Note 3(i) for the accounting policy on inventories and Note 11 for the inventories disclosure.

Key audit matter

As at December 31, 2021, the Group's net inventories balance was SR 3,602 million (2020: SR 3,067 million) net of allowance for slow moving inventories of SR 174 million (2020: SR 102 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 and slow moving 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. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost.

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 allowance for slow moving inventories and 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, parity differences and price volatility.

How the matter was addressed in our audit

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

- Assessed the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant accounting standards;
- Assessed the design and implementation, and tested the operating effectiveness of the Group's control around recognition and subsequent measurement of inventories including the monitoring of the allowance for slow moving items;
- Evaluated the appropriateness of the Group's policy for allowance for slow moving inventories by performing retrospective testing, comparing historical estimates with actual losses; and current and future expectations with respect to sales;
- Involving our internal IT specialist to test the integrity of the inventories' ageing report used by the management in its determination of the allowance for slow moving inventories;
- Attended periodical physical count of inventories on selected locations to identify expired, lost or slow-moving 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 test management's control over the establishment of the hedging relationship, monitoring hedge effectiveness and appropriateness of methods for mark to market values of derivatives at the reporting date;
- Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.

Independent Auditor's Report

To the Shareholders of Savola Group Company (continued)

Revenue recognition

Refer Note 3(m) for the accounting policy relating to revenue recognition and Note 31 for the relevant disclosures.

Key audit matter

During the year ended December 31, 2021, the Group recognized total revenue of SR 24,669 million (2020: SR 21,702 million).

Most of the Group's sales arrangements are considered straightforward, being on a point-in-time basis of recognition and requiring little judgment to be exercised. However, in certain cases the Group recognizes revenue through sales to related parties and certain components provide right of return to customers; which increase the level of judgment in revenue recognition at the year end.

Revenue recognition is considered a key audit matter in view of the risk that management may override controls to intentionally misstate revenue transactions in order to achieve financials targets, either through adjusting estimates at the period end or recording fictitious transactions in the business.

How the matter was addressed in our audit

We performed the following procedures in relation to revenue recognition:

- Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards;
- Assessed the design and implementation, and tested the operating effectiveness of the Group's controls, including anti-fraud controls, over the recognition of revenue;
- Evaluated key contractual and returns arrangements by considering relevant documentation and agreements with the customers;
- Inspected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period;
- Developed an expectation of the current year revenue based on trend analysis information, taking into account sales volume, average prices and our understanding of each market segment. We then compared this expectation to actual revenue and, where relevant, completed further inquiries and testing;
- Tested topside journal entries posted to the revenue accounts in the general ledger in order to identify unusual or irregular items;
- Obtained an understanding of the nature of revenue contracts used by the Group for each significant revenue stream, tested a sample of representative sales contracts to confirm our understanding and assess whether management's application of IFRS 15 requirements was in accordance with the accounting standard; and
- Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.

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.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 30, 2022
Corresponding to Shaban 27, 1443H

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 4030290792
J : 1
KPMG
ترخيص رقم ٤٦
س.ت: ٤٠٣٠٢٩٠٧٩٢
KPMG Professional Services

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	December 31, 2021	December 31, 2020
ASSETS			
Property, plant and equipment	4	**5,872,464**	6,227,862
Right-of-use assets	5	**3,313,227**	3,912,128
Intangible assets and goodwill	6	**1,857,836**	911,810
Investment property	8	**68,140**	68,794
Equity-accounted investees	9	**8,986,236**	9,054,136
Investments at fair value through other comprehensive income	10	**475,425**	387,196
Derivative	13	**2,493**	2,311
Deferred tax asset	23	**28,803**	29,800
Non-current assets		**20,604,624**	20,594,037
Inventories	11	**3,601,683**	3,067,033
Trade receivables	12	**1,606,635**	1,182,226
Prepayments and other receivables	13	**1,331,118**	1,118,918
Investments at fair value through profit or loss	10	**27,069**	2,792
Cash and bank balances	14	**1,374,790**	1,093,378
Current assets		**7,941,295**	6,464,347
TOTAL ASSETS		**28,545,919**	27,058,384
EQUITY			
Share capital	15	**5,339,807**	5,339,807
Shares held under employees' share based payment plan	18	**(30,433)**	(16,509)
Share premium		**342,974**	342,974
Statutory reserve	16	**1,774,085**	1,774,085
General reserve		**4,000**	4,000
Other reserves	17	**(104,866)**	(94,585)
Effect of transactions with non-controlling interests without change in control		**(187,979)**	(187,979)
Foreign currency translation reserve		**(1,899,084)**	(1,966,648)
Retained earnings		**2,840,089**	3,036,997
Equity attributable to owners of the Company		**8,078,593**	8,232,142
Non-controlling interests		**1,013,220**	932,412
TOTAL EQUITY		**9,091,813**	9,164,554
LIABILITIES			
Loans and borrowings	20	**5,136,640**	4,464,301
Lease liabilities	21	**3,288,518**	3,723,132
Employee benefits	22	**857,358**	803,870
Long-term payables		**256,895**	248,592
Derivative	13	**164,220**	190,562
Provision against asset restoration		**148,006**	146,466
Deferred tax liability	23	**144,349**	133,051
Non-current liabilities		**9,995,986**	9,709,974
Loans and borrowings	20	**3,324,513**	2,436,015
Lease liabilities	21	**568,480**	642,881
Trade payables	24	**2,907,854**	2,474,998
Accrued and other liabilities	25	**2,657,273**	2,629,962
Current liabilities		**9,458,120**	8,183,856
TOTAL LIABILITIES		**19,454,106**	17,893,830
TOTAL EQUITY AND LIABILITIES		**28,545,919**	27,058,384

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	**2021**	2020
Revenues	31	**24,669,163**	21,701,941
Cost of revenues	32	**(20,190,449)**	(17,061,558)
Gross profit		**4,478,714**	4,640,383
Share of results of equity-accounted investees, net of zakat and tax	9	**557,066**	704,148
Selling and distribution expenses	33	**(2,726,360)**	(2,781,370)
Administrative expenses	34	**(871,259)**	(852,787)
Impairment loss, net	30 & 36	**(421,866)**	(49,550)
Results from operating activities		**1,016,295**	1,660,824
Finance income		**93,981**	79,423
Finance cost		**(585,424)**	(621,243)
Net finance cost	37	**(491,443)**	(541,820)
Reversal of accruals no longer required	26	**--**	21,003
Profit before zakat and income tax		**524,852**	1,140,007
Zakat and income tax expense	26	**(128,738)**	(118,711)
Profit for the year		**396,114**	1,021,296
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit liability	22	**(24,868)**	(13,640)
Investments at fair value through other comprehensive income – net change in fair value	10	**50,720**	39,606
Items that may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		**84,933**	(206,378)
Equity accounted investees - share of other comprehensive income		**(60,408)**	39,430
Cash flow hedges – effective portion of changes in fair value		**(7,481)**	5,772
Other comprehensive income / (loss) for the year		**42,896**	(135,210)
Total comprehensive income for the year		**439,010**	886,086

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	**2021**	2020
Profit attributable to:			
Owners of the Company		**221,879**	910,802
Non-controlling interests		**174,235**	110,494
Profit for the year		**396,114**	1,021,296
Total comprehensive income attributable to:			
Owners of the Company		**254,801**	817,194
Non-controlling interests		**184,209**	68,892
Total comprehensive income for the year		**439,010**	886,086
Earnings per share attributable to the Owners of the Company (in Saudi Riyals):			
Basic and diluted	28	**0.42**	1.71

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, 2020	5,339,807	342,974	--	1,774,085	4,000	(179,230)	(187,979)	(1,792,396)	2,288,979	7,590,240	948,830	8,539,070
Total comprehensive income / (loss) for the year												
Profit for the year	--	--	--	--	--	--	--	--	910,802	910,802	110,494	1,021,296
Other comprehensive income / (loss)	--	--	--	--	--	83,234	--	(174,252)	(2,590)	(93,608)	(41,602)	(135,210)
	--	--	--	--	--	83,234	--	(174,252)	908,212	817,194	68,892	886,086
Charge for equity-settled employees' share based payment plan (Note 18)	--	--	--	--	--	1,411	--	--	--	1,411	--	1,411
Purchase of shares held under employees' share based payment plan (Note 18)	--	--	(16,509)	--	--	--	--	--	--	(16,509)	--	(16,509)
Dividends (Note 15)	--	--	--	--	--	--	--	--	(160,194)	(160,194)	(85,310)	(245,504)
Balance at December 31, 2020	5,339,807	342,974	(16,509)	1,774,085	4,000	(94,585)	(187,979)	(1,966,648)	3,036,997	8,232,142	932,412	9,164,554

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, 2021	**5,339,807**	**342,974**	**(16,509)**	**1,774,085**	**4,000**	**(94,585)**	**(187,979)**	**(1,966,648)**	**3,036,997**	**8,232,142**	**932,412**	**9,164,554**
Total comprehensive income / (loss) for the year												
Profit for the year	--	--	--	--	--	--	--	--	**221,879**	**221,879**	**174,235**	**396,114**
Other comprehensive income / (loss)	--	--	--	--	--	**(16,270)**	--	**67,564**	**(18,372)**	**32,922**	**9,974**	**42,896**
	--	--	--	--	--	**(16,270)**	--	**67,564**	**203,507**	**254,801**	**184,209**	**439,010**
Charge for equity-settled employees' share based payment plan (Note 18)	--	--	--	--	--	**5,989**	--	--	--	**5,989**	**58**	**6,047**
Purchase of shares held under employees' share based payment plan (Note 18)	--	--	**(13,924)**	--	--	--	--	--	--	**(13,924)**	--	**(13,924)**
Dividends (Note 15)	--	--	--	--	--	--	--	--	**(400,486)**	**(400,486)**	**(103,459)**	**(503,945)**
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	**71**	**71**	--	**71**
Balance at December 31, 2021	**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**

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	**2021**	2020
Cash flows from operating activities			
Profit for the year		**396,114**	1,021,296
Adjustments for:			
Depreciation and amortisation		**1,065,945**	1,121,571
Net finance cost	37	**491,443**	541,820
Share of results of equity accounted investees, net of zakat and tax	9	**(557,066)**	(704,148)
Share based payment expense	18	**6,047**	1,411
Reversal of accruals no longer required		**--**	(21,003)
Impairment loss, net	30 & 36	**421,866**	49,550
Loss / (gain) on sale of property, plant and equipment		**21,060**	(1,373)
Provision for employee benefits	22	**115,566**	127,281
Zakat and income tax expense	26	**128,738**	118,711
		2,089,713	2,255,116
Changes in:			
Inventories		**(628,131)**	(485,152)
Trade receivables		**(519,334)**	(82,521)
Prepayments and other receivables		**(249,995)**	(167,890)
Trade payables		**427,970**	285,525
Accrued and other liabilities		**268,374**	543,408
Cash generated from operating activities		**1,388,597**	2,348,486
Finance cost paid		**(350,587)**	(340,796)
Zakat and income tax paid	26	**(78,657)**	(113,047)
Employee benefits paid	22	**(94,966)**	(69,389)
Net cash from operating activities		**864,387**	1,825,254
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	**(360,906)**	(394,600)
Acquisition of software	6	**(117,786)**	(68,868)
Acquisition of investment property	8	**(4,201)**	(331)
Proceeds from sale of property, plant and equipment		**23,019**	11,405
Capital distribution from equity accounted investee	9	**147,704**	14,097
Acquisition of investments	10	**(37,509)**	--
Acquisition of subsidiaries, net of cash acquired	7	**(977,544)**	--
Net change in FVTPL investments		**(24,277)**	23,724
Dividends received	9	**351,549**	306,098
Net cash used in investing activities		**(999,951)**	(108,475)
Cash flows from financing activities			
Net change in loans and borrowings – current		**748,159**	(1,103,514)
Net change in loans and borrowings - non-current		**695,375**	555,410
Net changes in bank deposits with maturity more than three months		**(115,164)**	(213,776)
Payment of lease liabilities	21	**(648,909)**	(664,035)
Dividends paid		**(402,315)**	(160,025)
Dividend paid to non-controlling interests		**(103,459)**	(85,310)
Purchase of shares held under employees' share based payment plan	18	**(13,924)**	(16,509)
Net cash generated from / (used in) financing activities		**159,763**	(1,687,759)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

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

	Note	**2021**	2020
Net change in cash and cash equivalents		**24,199**	29,020
Effect of movement in exchange rates on cash and cash equivalents		**(1,863)**	(30,159)
Cash and cash equivalents at beginning of the year		**496,494**	497,633
Cash and cash equivalents at December 31	14	**518,830**	496,494
Supplemental schedule of non-cash financial information:			
Other reserves		**(17,169)**	84,808
Foreign currency translation reserve		**84,933**	(206,378)
Actuarial reserve	22	**(24,868)**	(13,640)

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 number M/21 dated Rabi-ul-Awal 29, 1398H (March 9, 1978).

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

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

These accompanying 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.

At December 31, 2021, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

(I) Direct subsidiaries of the Company

i) Operating subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%) December 31, 2021	Ownership interest (%) December 31, 2020
Savola Foods Company ("SFC")	Saudi Arabia	Holding company	**100**	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	**98.87**	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)

ii) Dormant and Holding subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
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**	--
SGC Marketplace Venture	Cayman Islands	Holding company	**100**	--

(II) Savola Foods Company

The Parent Company has a 100% (December 31, 2020: 100%) ownership interest in Savola Foods Company ("SFC"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 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, marketing and distribution of products including edible oil, pasta, sugar, 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, 2021	Ownership interest (%) December 31, 2020
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
Savola Foods Emerging Markets Company	British Virgin Islands (BVI)	Holding company	**95.43**	95.43
Afia International Distribution and Marketing Company *	Saudi Arabia	Trading and distribution	**--**	99
Savola Foods for Sugar Company	Cayman Islands	Holding company	**95**	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	**100**	100
International Foods Industries Company ("IFI")	Saudi Arabia	Manufacturing of specialty fats	**100**	100
Seafood International Two FZCO **	UAE	Seafood products trading and distribution	**100**	60
Afia Foods Arabia	Saudi Arabia	Dormant company	**100**	100
Seafood International Holdco (Note 7)	Cayman Islands	Holding company	**100**	50
Al Maoun International Holding Company ("Al Maoun")	Saudi Arabia	Holding company	**100**	100
Marasina International Real Estate Investment ("Marasina")	Saudi Arabia	Holding company	**100**	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	**100**	100
Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding Company	**100**	--
SIFCO				
Bayara Holding Limited (Note 7)	Cayman Islands	Holding company	**100**	--

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

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

(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, 2021	December 31, 2020
Savola Behshahr Company (“SBeC”)	Iran	Holding company	**90**	90
Malintra Holdings	Luxembourg	Dormant company	**100**	100
Savola Foods Limited (“SFL”)	BVI	Holding company	**100**	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	**98.57**	98.57
Inveskz Inc.	BVI	Holding company	**90**	90
Afia Trading International	BVI	Dormant company	**100**	100
Savola Foods International	BVI	Dormant company	**100**	100
KUGU Gida Yatum Ve Ticaret A.S (“KUGU”)	Turkey	Holding company	**100**	100
Aseel Food – Hold Co.	Cayman Islands	Holding company	**100**	100
SBeC				
Behshahr Industrial Company	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	**90**	90
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%**	--
KUGU				
Savola Gida Sanayi Ve Ticaret Anonim Sirketi	Turkey	Manufacturing of edible oils	**100**	100

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

(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, 2021	Ownership interest (%) December 31, 2020
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:

Savola Morocco Company	Morocco	Manufacturing of edible oils	**100**	100
Savola Edible Oils (Sudan)	Sudan	Manufacturing of edible oils	**100**	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	**100**	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

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

e) Subsidiaries controlled through Al Maoun and Marasina

Alofog Trading DMMC	UAE	Trading and distribution	**100**	100

f) Subsidiaries controlled through Seafood International Two FZCO

Seafood International One FZCO	UAE	Seafood products distribution	**80**	80

* The Group's effective ownership interest in ASCE is 71.66% (2020: 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, 2021	December 31, 2020
GYMA Food Industries *	UAE	Processing of spices, nuts and pulses	**48**	--
Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	**100**	--
Bayara FZE Limited	UAE	Holding Company	**100**	--
Kandoo Worldwide Limited	BVI	Managing trade-marks	**100**	--
Kamali Investment Limited	UAE	Holding Company	**100**	--
Profood Holdings Limited	UAE	Holding Company	**100**	--

* The effective ownership interest in GYMA Food Industries is 100% (December 31, 2020: Nil) as the remaining shareholding of 52% is with Profood Holdings Limited.

(III) Panda Retail Company

The Parent Company has a 98.87% (December 31, 2020: 98.87%) ownership interest in Panda Retail Company ("Panda"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 235/G dated Rajab 22, 1431H (July 3, 2010). Prior to its conversion to a closed joint stock company, Panda was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010137417 issued in Riyadh on Rabi-ul-Awal 1, 1416H (July 28, 1995).

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

(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, 2021	December 31, 2020
Giant Stores Trading Company	Saudi Arabia	Retail	**100**	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	**100**	100
Panda International for Retail Trading	Egypt	Retail	**100**	100
Panda Bakeries Company	Saudi Arabia	Dormant company	**100**	100
Atabet Al Bab Communications and Information Technology LLC (Note 7)	Saudi Arabia	E-commerce	**100**	--
Giant				
Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	**95**	95

(IV) Good Food Company

The Parent Company has a 100% (December 31, 2020: 100%) ownership interest in Good Food Company ("GFC"), which was incorporated as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030603674 issued in Jeddah on Rabi-ul-Thani 21, 1439H (January 8, 2018).

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

(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, 2021	Ownership interest (%) December 31, 2020
Variety Food Factory Company	Saudi Arabia	Manufacturing of frozen food	**51**	51
Al Ahsan Trading Company	Saudi Arabia	Trading and distribution	**51**	51
Al Helal Imports and Exports Company	Bahrain	Trading and distribution	**51**	51
Sahar Enterprises Company	UAE	Trading and distribution	**51**	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	**51**	51
Al Kabeer Holding Limited	UAE	Holding Company	**51**	51
Best Foodstuff Trading Company	UAE	Trading and distribution	**51**	51

Subsidiaries controlled through Al Kabeer Holding Limited

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

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, 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 *(m)* – revenue recognition: whether revenue is recognised over time or at a point in time
(v) Note 3*(q)* - lease classification

2. BASIS OF PREPARATION (continued)

b) Critical accounting estimates and judgments (continued)

Assumptions and estimation uncertainties

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

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

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.

2. BASIS OF PREPARATION (continued)

b) Critical accounting estimates and judgments (continued)

iv) Impairment of non-financial assets (continued)

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

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

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

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

v) Employee benefits – defined benefit obligation

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

vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. 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. Therefore, 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*(d) & 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. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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.

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. SIGNIFICANT 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Business combinations (continued)

(iii) Interests in equity-accounted investees

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

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

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

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

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

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

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

(iv) Non-controlling interests

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

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

3. SIGNIFICANT 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. SIGNIFICANT 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 – Subsequent measurement and gains and losses

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Financial liabilities

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

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

(iv) Derivatives

Derivative financial instruments and hedge accounting

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

(iv) Derivatives (continued)

Derivative financial instruments and hedge accounting (continued)

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

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

Cash flow hedge

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

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

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

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

3. SIGNIFICANT 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.

d) Segment reporting

An operating segment is a component:

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

Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Foreign currency translations

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Foreign currency translations (continued)

(iii) Hyperinflationary economies

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

f) Property, plant and equipment

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

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

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

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Property, plant and equipment (continued)

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 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 “j”.

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 is as follow:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Intangible assets (continued)

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.

i) 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, slow moving and defective stocks.

j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment (continued)

i) Financial assets (continued)

The Group measures expected credit losses against trade receivables and other financial assets that are measured at an amount equal to lifetime ECLs that result from all possible default events over the expected life of a financial instrument except for the bank balance 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, which are measured at 12-month ECLs.

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

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

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

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

Measurement of ECLs

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

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

Presentation of allowance for ECL in the statement of financial position

Allowances for expected credit loss against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ii) Non-financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment (continued)

ii) Non-financial assets (continued)

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.

k) 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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.

m) Revenues

Revenue is measured based on the consideration 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 the sale is recognised in the statement of profit or loss when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Revenues (continued)

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.

Commission income
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised at a point in time at which amount of commission is earned by the Group.

n) 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) 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.

p) 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.

q) Leases

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Leases (continued)

As a lessee (continued)

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

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

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

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

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an 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	Construction work in progress (CWIP)	Total
Cost								
Balance at January 1, 2020	1,349,556	2,659,057	1,571,974	2,721,544	2,698,255	527,140	408,743	11,936,269
Additions	66,804	5,517	4,316	26,823	46,853	24,696	219,591	394,600
Disposals / write-off	--	(3,913)	(10,318)	(15,018)	(27,628)	(47,470)	--	(104,347)
Transfer from CWIP	--	42,432	17,376	102,146	38,382	1,600	(201,936)	--
Hyperinflation adjustment	27,234	26,014	46	86,753	6,966	1,883	28,646	177,542
Effect of movement in exchange rate	(10,531)	(20,435)	(302)	(61,946)	(5,688)	(3,330)	(45,277)	(147,509)
Balance at December 31, 2020	1,433,063	2,708,672	1,583,092	2,860,302	2,757,140	504,519	409,767	12,256,555
Balance at January 1, 2021	**1,433,063**	**2,708,672**	**1,583,092**	**2,860,302**	**2,757,140**	**504,519**	**409,767**	**12,256,555**
Acquisition through Business Combination (Note 7)	**388**	**37,936**	**--**	**27,925**	**30,512**	**753**	**44**	**97,558**
Additions	**--**	**5,656**	**213**	**20,096**	**15,183**	**13,546**	**306,212**	**360,906**
Disposals / write-off	**(4,798)**	**(24,354)**	**(57,748)**	**(12,489)**	**(158,690)**	**(19,746)**	**(4,465)**	**(282,290)**
Transfer from CWIP	**--**	**21,071**	**20,006**	**90,145**	**66,027**	**--**	**(197,249)**	**--**
Hyperinflation adjustment	**1,973**	**3,795**	**12**	**77,989**	**2,270**	**1,341**	**2,399**	**89,779**
Effect of movement in exchange rate	**(3,066)**	**(5,599)**	**(220)**	**(28,155)**	**(1,666)**	**(616)**	**(5,839)**	**(45,161)**
Balance at December 31, 2021	**1,427,560**	**2,747,177**	**1,545,355**	**3,035,813**	**2,710,776**	**499,797**	**510,869**	**12,477,347**

(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								
Balance at January 1, 2020	(81,848)	(880,664)	(866,141)	(1,125,816)	(2,138,569)	(424,070)	--	(5,517,108)
Depreciation for the year	--	(110,118)	(85,591)	(174,902)	(168,214)	(28,851)	--	(567,676)
Disposals / write-off	--	1,668	10,113	11,714	24,979	45,870	--	94,344
Impairment (loss) / reversal (Note 36)	4,731	4,551	(2,412)	--	(4,251)	--	--	2,619
Hyperinflation adjustment	--	(16,783)	(34)	(57,394)	(6,244)	(1,534)	--	(81,989)
Effect of movement in exchange rate	--	8,967	94	27,044	4,139	873	--	41,117
Balance at December 31, 2020	(77,117)	(992,379)	(943,971)	(1,319,354)	(2,288,160)	(407,712)	--	(6,028,693)
Balance at January 1, 2021	**(77,117)**	**(992,379)**	**(943,971)**	**(1,319,354)**	**(2,288,160)**	**(407,712)**	**--**	**(6,028,693)**
Acquisition through Business Combination (Note 7)	**--**	**(20,568)**	**--**	**(14,810)**	**(24,366)**	**(649)**	**--**	**(60,393)**
Depreciation for the year	**--**	**(106,257)**	**(83,376)**	**(184,879)**	**(142,809)**	**(25,289)**	**--**	**(542,610)**
Disposals / write-off	**--**	**18,821**	**47,104**	**9,303**	**149,127**	**16,956**	**--**	**241,311**
Impairment loss (Note 36)	**(83,775)**	**(50,454)**	**(41,645)**	**--**	**(32,700)**	**(1,276)**	**--**	**(209,850)**
Hyperinflation adjustment	**--**	**(4,179)**	**(5)**	**(14,429)**	**(1,195)**	**(629)**	**--**	**(20,437)**
Effect of movement in exchange rate	**--**	**1,168**	**153**	**13,070**	**1,238**	**160**	**--**	**15,789**
Balance at December 31, 2021	**(160,892)**	**(1,153,848)**	**(1,021,740)**	**(1,511,099)**	**(2,338,865)**	**(418,439)**	**--**	**(6,604,883)**
Carrying amounts								
December 31, 2020	1,355,946	1,716,293	639,121	1,540,948	468,980	96,807	409,767	6,227,862
December 31, 2021	**1,266,668**	**1,593,329**	**523,615**	**1,524,714**	**371,911**	**81,358**	**510,869**	**5,872,464**

a) Construction work in progress mainly relates to upgrading and enhancing the production facilities and retail outlets of certain subsidiaries. Also refer Note 20.3.

(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					
Recognised as at January 1, 2020	859,301	4,023,006	96	51,763	4,934,166
Addition during the year	1,039	215,741	--	29,584	246,364
Leases termination / modification	--	(91,851)	--	(1,747)	(93,598)
Effect of movement in exchange rate	(784)	(618)	(71)	(946)	(2,419)
Balance at December 31, 2020	859,556	4,146,278	25	78,654	5,084,513
Balance as at January 1, 2021	**859,556**	**4,146,278**	**25**	**78,654**	**5,084,513**
Acquisition through Business combination (Note 7)	**--**	**26,194**	**7,112**	**10,266**	**43,572**
Addition during the year	**3,639**	**171,201**	**--**	**10,034**	**184,874**
Leases termination / modification	**(17,388)**	**(268,632)**	**--**	**(1,056)**	**(287,076)**
Effect of movement in exchange rate	**374**	**(1,491)**	**(24)**	**(2,656)**	**(3,797)**
Balance at December 31, 2021	**846,181**	**4,073,550**	**7,113**	**95,242**	**5,022,086**
Accumulated Depreciation					
Balance at January 1, 2020	(62,428)	(537,897)	(8)	(14,163)	(614,496)
Depreciation for the year	(72,181)	(426,753)	(20)	(19,092)	(518,046)
Leases termination / modification	--	11,226	--	1,290	12,516
Impairment loss (Note 36)	--	(53,948)	--	--	(53,948)
Effect of movement in exchange rate	229	611	27	722	1,589
Balance at December 31, 2020	(134,380)	(1,006,761)	(1)	(31,243)	(1,172,385)
Balance at January 1, 2021	**(134,380)**	**(1,006,761)**	**(1)**	**(31,243)**	**(1,172,385)**
Acquisition through Business combination (Note 7)	**--**	**(6,923)**	**(1,246)**	**(3,987)**	**(12,156)**
Depreciation for the year	**(66,911)**	**(409,198)**	**(123)**	**(19,717)**	**(495,949)**
Leases termination / modification	**5,360**	**90,158**	**--**	**713**	**96,231**
Impairment loss (Note 36)	**--**	**(127,409)**	**--**	**--**	**(127,409)**
Effect of movement in exchange rate	**(65)**	**560**	**10**	**2,304**	**2,809**
Balance at December 31, 2021	**(195,996)**	**(1,459,573)**	**(1,360)**	**(51,930)**	**(1,708,859)**
Carrying amounts					
December 31, 2020	725,176	3,139,517	24	47,411	3,912,128
December 31, 2021	**650,185**	**2,613,977**	**5,753**	**43,312**	**3,313,227**

(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, 2020	495,235	252,271	212,382	75,611	8,480	1,043,979
Additions	--	--	68,868	--	--	68,868
Disposals / write-off	--	--	(39)	--	--	(39)
Effect of movement in exchange rate	(8,400)	--	(1,381)	--	--	(9,781)
Balance at December 31, 2020	486,835	252,271	279,830	75,611	8,480	1,103,027
Balance as at January 1, 2021	**486,835**	**252,271**	**279,830**	**75,611**	**8,480**	**1,103,027**
Acquisition through Business combination (Note 7)	**510,555**	**321,800**	**1,900**	**54,700**	**--**	**888,955**
Additions	**--**	**--**	**117,786**	**--**	**--**	**117,786**
Disposals / write-off	**--**	**--**	**(8,488)**	**--**	**--**	**(8,488)**
Effect of movement in exchange rate	**(8,414)**	**--**	**(1,423)**	**--**	**--**	**(9,837)**
Balance at December 31, 2021	**988,976**	**574,071**	**389,605**	**130,311**	**8,480**	**2,091,443**
Accumulated Depreciation						
Balance at January 1, 2020	--	--	(162,016)	--	--	(162,016)
Amortisation for the year	--	--	(27,229)	(2,701)	(339)	(30,269)
Disposals / write-off	--	--	10	--	--	10
Effect of movement in exchange rate	--	--	1,058	--	--	1,058
Balance at December 31, 2020	--	--	(188,177)	(2,701)	(339)	(191,217)
Balance at January 1, 2021	**--**	**--**	**(188,177)**	**(2,701)**	**(339)**	**(191,217)**
Acquisition through Business combination (Note 7)	**--**	**--**	**(1,016)**	**--**	**--**	**(1,016)**
Amortisation for the year	**--**	**--**	**(19,491)**	**(2,701)**	**(339)**	**(22,531)**
Disposals / write-off	**--**	**--**	**5,388**	**--**	**--**	**5,388**
Impairment loss (Note 36)	**(13,162)**	**--**	**(12,620)**	**--**	**--**	**(25,782)**
Effect of movement in exchange rate	**--**	**--**	**1,551**	**--**	**--**	**1,551**
Balance at December 31, 2021	**(13,162)**	**--**	**(214,365)**	**(5,402)**	**(678)**	**(233,607)**
Carrying amounts						
December 31, 2020	486,835	252,271	91,653	72,910	8,141	911,810
December 31, 2021	**975,814**	**574,071**	**175,240**	**124,909**	**7,802**	**1,857,836**

(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 differences, comprises the following:

	December 31, 2021	December 31, 2020
Bayara Holding Limited (Note 7)	**476,721**	--
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	**69,020**	69,184
Afia International Company, Egypt	**28,271**	28,338
Herfy Foods Services Company	**25,330**	25,330
KUGU Gida Yatum Ve Ticaret A.S	**10,868**	19,192
United Sugar Company	**14,912**	14,912
Atabet Al Bab Communications and Information Technology LLC (Note 7)	**12,711**	--
Seafood International HoldCo (Note 7)	**7,961**	--
Notrika Golden Wheat Company	**2,786**	2,709
Behshahr Industrial Company	**2,345**	2,281
	975,814	486,835

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 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 %**	
	2021	2020	**2021**	2020
Savola Industrial Investment Company	**7.3**	11.4	**2.0**	2.0
United Sugar Company	**7.3**	11.4	**2.0**	2.0
Afia International Company	**7.3**	13.3	**2.0**	1.5
El Maleka for Food Industries Company	**13.6**	16.5	**3.5**	5.0
KUGU Gida Yatum Ve Ticaret A.S.	**20.4**	15.4	**12.9**	5.0
Afia International Company Egypt	**14.0**	16.5	**3.5**	5.0
Notrika Golden Wheat Company	**39.9**	36.0	**18.0**	18.0
Beshar Industrial Company	**29.8**	31.0	**18.0**	18.0
Giant Stores Trading Company	**10.0**	10.2	**2.0**	2.0

b) Key commercial assumptions

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

As at December 31, 2021 and 2020, there was headroom available aggregating to SR 4,248 million between the recoverable amount and the carrying value of above CGUs, therefore, no impairment loss was recognised in these consolidated financial statements.

7. ACQUISITION OF SUBSIDIARIES

a. Bayara Holding Limited

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

7. ACQUISITION OF SUBSIDIARIES (continued)

a. Bayara Holding Limited (continued)

The following table summarises the provisional fair values of assets acquired, and liabilities assumed at the date of acquisition:

	October 13, 2021
Property, plant and equipment	34,120
Intangible assets	1,900
Right-of-use assets	31,416
Inventories	72,490
Trade receivables – net	88,014
Prepayments and other receivables	5,032
Cash and bank balances	8,455
Lease liabilities	(31,941)
Loans and borrowings	(21,992)
Employee benefits	(10,257)
Trade payables and other liabilities	(55,198)
Total identifiable net assets acquired	**122,039**

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

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

Consideration transferred	975,260
Less: Fair value of identifiable net assets acquired	(122,039)
Less: Brands	(321,800)
Less: Customer relationships	(54,700)
Provisional goodwill	**476,721**

Goodwill and brands have an indefinite useful life and customer relationship have a finite life of 18 years.

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

b. Atabet Al Bab Communications and Information Technology LLC

During the year, in accordance with the terms and conditions of the Share Purchase Agreement, Panda Retail Company acquired 100% ownership interest of Atabet Al Bab Communications and Information Technology LLC for a consideration of SR 21.75 million. The related formalities were completed on January 27, 2021. Please also refer Note 36.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

7. ACQUISITION OF SUBSIDIARIES (continued)

b. Atabet Al Bab Communications and Information Technology LLC (continued)

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

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

c. SeaFood International Holdco

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

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

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

8. INVESTMENT PROPERTY

	2021	2020
Cost		
Balance at beginning of year	**114,998**	114,667
Additions	**4,201**	331
Balance at end of year	**119,199**	114,998
Accumulated depreciation and impairment		
Balance at beginning of year	**(46,204)**	(42,403)
Depreciation during the year	**(4,855)**	(5,580)
Impairment loss reversal	**--**	1,779
Balance at end of year	**(51,059)**	(46,204)
Carrying amounts	**68,140**	68,794

(Expressed in thousands of Saudi Riyal unless otherwise stated)

9. EQUITY-ACCOUNTED INVESTEES

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

Name	Principal business sector	Country of incorporation	Ownership interest (%) 2021	Ownership interest (%) 2020	December 31, 2021	December 31, 2020
Almarai Company ("Almarai")	Fresh food products	Saudi Arabia	**34.52**	34.52	**8,293,365**	8,164,051
Kinan International for Real Estate Development Company ("Kinan")	Real Estate	Saudi Arabia	**29.9**	29.9	**287,612**	388,514
United Sugar Company, Egypt ("USCE") (Note 9.4)	Sugar Manufacturing	Egypt	**33.82**	33.82	**227,690**	280,854
Al-Seera City Company for Real Estate Development	Real Estate	Saudi Arabia	**40**	40	**143,911**	144,138
United Edible Oils Holding Limited	Holding Company	Cayman Islands	**51**	51	**4,724**	41,121
Intaj Capital Limited ("Intaj")	Fund management	Republic of Tunisia	**49**	49	**13,046**	13,046
Knowledge Economic City Developers Company	Real Estate	Saudi Arabia	**2.07**	2.07	**15,888**	15,905
Seafood International Holdco. (Note 7)	Holding Company	Cayman Islands	**--**	50	**--**	6,507
Seafood International One FZCO (Note 9.5)	Seafood products distribution	UAE	**--**	40	**--**	--
					8,986,236	9,054,136

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

	2021	2020
Balance at beginning of year	**9,054,136**	8,625,047
Additions	**--**	6,011
Share in net income, net	**557,066**	704,148
Fair value reserve adjustment	**(60,408)**	39,430
Capital distribution from equity accounted investee	**(147,704)**	(14,097)
Dividends	**(351,549)**	(306,098)
Impairment loss (Note 36)	**(58,827)**	--
Disposal	**(6,478)**	--
Other adjustments	**--**	(305)
Balance at end of year	**8,986,236**	9,054,136

(Expressed in thousands of Saudi Riyal unless otherwise stated)

9. EQUITY-ACCOUNTED INVESTEES (continued)

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

	Almarai		Kinan		USCE	
	2021	2020	**2021**	2020	**2021**	2020
Percentage ownership interest	**34.52**	34.52	**29.9**	29.9	**33.82**	33.82
Non-current assets	**24,652,117**	25,054,849	**2,044,746**	2,469,990	**261,152**	250,716
Current assets	**7,102,185**	7,289,457	**784,311**	434,356	**837,787**	591,441
Non-current liabilities	**8,511,844**	11,435,184	**794,423**	595,798	**19,030**	2,131
Current liabilities	**6,624,045**	4,675,443	**289,892**	281,834	**449,340**	223,463
Net assets attributable to shareholders (100%)	**16,119,494**	15,686,908	**1,518,618**	1,856,113	**630,569**	616,563
Group's share of net assets	**5,564,449**	5,415,121	**454,067**	554,978	**213,258**	208,522
Carrying amount of interest in associates	**8,293,365**	8,164,051	**287,612**	388,514	**227,690**	280,854

	Almarai		Kinan		USCE	
	2021	2020	**2021**	2020	**2021**	2020
Revenue	**15,849,720**	15,356,948	**625,707**	261,655	**1,528,424**	1,308,920
Profit / (loss) from continuing operations attributable to shareholders (100%)	**1,563,543**	1,984,361	**178,511**	486	**12,838**	62,821
Other comprehensive income attributable to shareholders (100%)	**(92,502)**	(3,764)	**(830)**	589	**1,169**	187
Total comprehensive income attributable to shareholders	**1,471,041**	1,980,597	**177,681**	1,075	**14,007**	63,008
Group's share of profit and total comprehensive income	**474,531**	723,970	**53,134**	320	**5,664**	26,433

9.3 As at December 31, 2021, the fair value of Almarai based on quoted market price amounted to SR 16.8 billion (2020: SR 18.9 billion).

9.4 During the year ended December 31, 2021, the Group has assessed the carrying value of its investment in USCE and recorded an impairment loss amounting to SR 58.8 million. The fair value is assessed using income approach under "IFRS 13 – Fair value measurement".

(Expressed in thousands of Saudi Riyal unless otherwise stated)

9. EQUITY-ACCOUNTED INVESTEES (continued)

The significant assumptions used are as follows:

Assumptions	Rate	Sensitivity	Amount
EBITDA margin	A 3.8% average positive EBITDA margin is expected during FY22-FY26	+ / - 5 bps	SR 8.6 million
Terminal growth rate	2.6%	+ / - 5 bps	SR 1.5 million
Discount rate	9%	+ / - 10 bps	SR 5.6 million

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

9.5 During the year ended December 31, 2021, due to acquisition of additional stake of Seafood International Two FZCO, the related investment is recognized as an investment in subsidiary.

10. INVESTMENTS

Investments at December 31 comprise the following:

	December 31,	
	2021	2020
Investments held at fair value through other comprehensive income (note 10.1)	**475,425**	387,196
Investments at fair value through profit or loss (note 10.3)	**27,069**	2,792

10.1 Investments held at fair value through other comprehensive income:

	Principal business sector	Country of incorporation	Ownership interest (%) December 31, **2021**	2020	December 31, **2021**	2020
Quoted investments						
Knowledge Economic City	Real Estate	Saudi Arabia	**6.4**	6.4	**315,896**	258,033
Emaar the Economic City	Real Estate	Saudi Arabia	**0.9**	0.9	**79,988**	68,555
Arab Phoenix Holdings Company	Real Estate	Jordan	**5**	5	**--**	--
Unquoted investments						
Swicorp Company	Investment Management	Saudi Arabia	**15**	15	**29,656**	60,608
Capiter	E-commerce	Republic of Mauritius	**4.25**	--	**26,255**	--
Maplebear Inc.	Retail Technology	United States of America	**Less than 1**	--	**23,630**	--
Joussour Holding Company (under liquidation)	Holding Company	Saudi Arabia	**14.81**	14.81	**--**	--
					475,425	387,196

(Expressed in thousands of Saudi Riyal unless otherwise stated)

10. INVESTMENTS (continued)

10.2 Movement in the FVOCI investments is as follows:

	2021	2020
Balance at beginning of year	**387,196**	347,590
Additions during the year	**37,509**	--
Fair value reserves adjustment (Note 17)	**50,720**	39,606
Balance at end of year	**475,425**	387,196

10.3 This represents investment made by one of the Group's local subsidiary in mutual funds. As at December 31, 2021, an unrealised gain of SR 264 thousand (December 31, 2020: SR 196 thousand) has been recognised in the consolidated statement of profit or loss for the year.

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

11. INVENTORIES

	December 31, 2021	December 31, 2020
Finished products	**1,770,393**	1,771,439
Raw and packing materials	**1,266,437**	808,350
Work in process	**48,385**	82,007
Spare parts and supplies	**198,113**	183,512
Goods in transit	**491,900**	323,268
	3,775,228	3,168,576
Less: Provision for obsolescence / slow moving inventories	**(173,545)**	(101,543)
	3,601,683	3,067,033

Inventories have been reduced by SR 154.8 million (December 31, 2020: SR 158.1 million) as a result of the write-down to net realizable value.

Raw materials include raw sugar having cost of SR 130.6 million (December 31, 2020: SR 72.5 million) which are held under a fair value hedge relationship. As at December 31, 2021, the fair value of these raw sugar amounts to SR 128.4 million (December 31, 2020: SR 90.6 million).

12. TRADE RECEIVABLES

	December 31, 2021	December 31, 2020
Trade receivables	**1,698,515**	1,277,507
Less: Allowance for expected credit losses	**(150,365)**	(140,092)
	1,548,150	1,137,415
Due from related parties (Note 29)	**58,485**	44,811
	1,606,635	1,182,226

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. TRADE RECEIVABLES (continued)

Following is the movement of allowance for expected credit losses:

	2021	2020
Balance at beginning of year	**140,092**	122,504
Acquisition through Business Combination (Note 7)	**2,361**	--
Impairment loss for the year, net	**16,714**	30,606
Reversals	**(1,492)**	(6,990)
Currency translation	**(7,310)**	(6,028)
Balance at end of year	**150,365**	140,092

13. PREPAYMENTS AND OTHER RECEIVABLES

	Note	**December 31, 2021**	December 31, 2020
Advances to vendors		**357,328**	203,611
Receivable from government authorities	13.1	**325,790**	177,473
Prepaid expenses		**230,977**	380,086
Change in fair value of hedged item (firm commitments)		**8,548**	51,434
Employee loans and advances		**43,061**	37,219
Positive fair value of derivatives	13.3	**116,905**	45,759
Unclaimed dividends		**36,867**	39,462
Due from related parties	29	**27,947**	26,283
Non-trade receivable	13.2	**43,909**	36,180
Refundable deposits		**5,954**	10,998
Prepaid rent		**29,603**	31,614
Others		**104,229**	78,799
		1,331,118	1,118,918

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

13.2 This represents non-trade related balances with affiliates of subsidiaries.

13.3 Derivatives:

	December 31, 2021	December 31, 2020
Derivatives – current assets		
Future exchange contracts	**116,905**	45,759
Derivatives – non-current assets		
Call option (Note ‘c’)	**2,493**	2,311
Derivatives – current liabilities		
Future exchange contracts	**32,235**	208,110
Derivatives – non-current liabilities		
Put option (Note ‘c’)	**164,220**	190,562

(Expressed in thousands of Saudi Riyal unless otherwise stated)

13. PREPAYMENTS AND OTHER RECEIVABLES (continued)

13.3 Derivatives (continued):

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

(a) Forward and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter market. Foreign currency and special commission rate futures are transacted in standardized amounts on regulated exchanges.

(b) Swaps:

Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counterparties generally exchange fixed and floating rate special commission payments in a single currency without exchanging principal.

(c) 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.

SFC entered into call and put option agreement with European Bank for Reconstruction and Development ("EBRD") during March 2017, in relation to transaction for disposal of stake in USCE. As per the agreement, the option can be exercised as follows:

- Call option: SFC 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 SFC to sell all the shares held by EBRD in USCE from 6.5 years after the subscription date and ending on the seventh anniversary of the subscription date.

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.

	2021			
	Fair Value 5%		**Risk free rate 20 bps**	
	Increase	**Decrease**	**Increase**	**Decrease**
Call Option	**707**	**(543)**	**29**	**(29)**
Put Option	**(6,505)**	**6,297**	**(945)**	**950**

13.4 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)

13. PREPAYMENTS AND OTHER RECEIVABLES (continued)

13.5 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, 2021	**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	**39,391**	**11,638**	**731,980**	**469,448**	**177,204**	**85,328**	--
Held as cash flow hedge							
Commodity futures	**16,908**	**14,840**	**685,187**	**312,960**	**307,461**	**64,766**	--
Held as others							
Commodity futures	**60,607**	**5,761**	**1,009,486**	**1,009,486**	--	--	--
Call options	**2,493**	**--**	**2,493**	**--**	**--**	**2,493**	**--**
Put Option	**--**	**164,220**	**164,220**	**--**	**--**	**164,220**	**--**

			Notional amount by term to maturity				
December 31, 2020	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	30,399	70,521	348,190	259,063	77,162	11,965	--
Options	--	273	479	479	--	--	--
Held as cash flow hedge							
Commodity futures	15,360	10,350	456,059	335,163	117,758	3,138	--
Held as others							
Commodity futures	--	127,239	473,702	473,702	--	--	--
Call options	2,311	--	2,311	--	--	2,311	--
Put Option	--	190,562	190,562	--	--	190,562	--

(Expressed in thousands of Saudi Riyal unless otherwise stated)

13. PREPAYMENTS AND OTHER RECEIVABLES (continued)

13.5 Derivatives held for hedging purposes (continued)

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

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

Movements in the other reserve of cash flow hedges:

	2021	2020
Balance at beginning of year	**4,019**	(547)
(Loss) / gain on changes in fair value recognized directly in equity, net	**(6,512)**	4,566
Balance at end of year	**(2,493)**	4,019

14. CASH AND BANK BALANCES

	December 31, 2021	December 31, 2020
Cash in hand	**32,530**	27,319
Cash at bank- current account	**748,208**	557,159
Term deposits (Note 14.1)	**594,052**	508,900
Cash and bank balances	**1,374,790**	1,093,378
Deposits with maturity more than three months	**(587,354)**	(480,287)
Bank overdrafts	**(268,606)**	(116,597)
Cash and cash equivalents for cash flow purposes	**518,830**	496,494

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

15. SHARE CAPITAL AND DIVIDEND DECLARATION

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

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

16. STATUTORY RESERVE

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

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

17. OTHER RESERVES

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

	Note	**2021**	2020
Balance at beginning of year		**(94,585)**	(179,230)
Share in changes in other reserve of associates		**(60,478)**	39,062
Fair value adjustment from FVOCI investments	10	**50,720**	39,606
Fair value adjustment from derivative financial instruments relating to cash flow hedge	13	**(6,512)**	4,566
Charge for equity-settled employees' share based payment plan		**5,989**	1,411
Balance at end of year		**(104,866)**	(94,585)

18. SHARE BASED PAYMENT ARRANGEMENT

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 Plan are as follows:

Description	**2021**	2020
Grant date	**September 10, 2021**	September 10, 2020
Total number of shares granted	**403,647**	341,675
Service / vesting period	**3 years**	3 years
Fair value per share on grant date	**SR 39.25**	SR 49.0

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

The total expense recognised for employees' services received during the year ended December 31, 2021 under the Plan amounted to SR 6.0 million (December 31, 2020: SR 1.4 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'.

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

18. SHARE BASED PAYMENT ARRANGEMENT (continued)

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

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

Subsequent to the year end, the Group purchased 637,955 treasury shares amounting to SR 21.4 million.

19. NON–CONTROLLING INTERESTS

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

December 31, 2021	**SFC**	**Panda**	**Herfy**	**Matoun**	**GFC**
Non-current assets	**3,909,791**	**4,851,343**	**1,529,382**	**292,345**	**515,507**
Current assets	**5,617,848**	**1,516,415**	**316,014**	**4,640**	**462,401**
Non-current liabilities	**1,813,003**	**3,058,955**	**574,771**	**80,367**	**615,184**
Current liabilities	**5,315,065**	**2,959,969**	**222,417**	**42,221**	**105,785**
Net assets (100%)	**2,399,571**	**348,834**	**1,048,208**	**174,397**	**256,939**
Carrying amount of NCI	**274,874**	**--**	**--**	**--**	**194,167**
Revenue	**12,630,122**	**10,476,124**	**1,313,856**	**27,545**	**642,944**
Profit	**375,441**	**(586,667)**	**160,837**	**(45)**	**72,095**
Other Comprehensive Income ("OCI")	**81,282**	**(12,208)**	**(7,343)**	**--**	**(3,474)**
Total comprehensive income (100%)	**456,723**	**(598,875)**	**153,494**	**(45)**	**68,621**
Profit allocated to NCI	**59,889**	**--**	**--**	**--**	**39,519**
OCI allocated to NCI	**20,616**	**--**	**--**	**--**	**(1,702)**

December 31, 2020	SFC	Panda	Herfy	Matoun	GFC
Non-current assets	3,077,993	5,674,393	1,581,774	313,092	526,403
Current assets	4,217,097	1,549,782	367,304	21,001	475,427
Non-current liabilities	1,167,159	3,488,697	587,693	83,063	611,769
Current liabilities	3,959,715	2,789,063	401,989	51,588	109,432
Net assets (100%)	2,168,216	946,415	959,396	199,442	280,629
Carrying amount of NCI	219,740	--	--	--	201,451
Revenue	8,643,559	11,613,581	1,076,083	36,077	736,797
Profit	341,395	71,268	52,839	6,210	97,993
Other Comprehensive Income ("OCI")	(210,644)	12,615	(17,682)	--	(1,324)
Total comprehensive income (100%)	130,751	83,883	35,157	6,210	96,669
Profit allocated to NCI	30,222	--	--	--	52,232
OCI allocated to NCI	(35,729)	--	--	--	51,583

(Expressed in thousands of Saudi Riyal unless otherwise stated)

20. 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, 2021	December 31, 2020
Non-current liabilities		
Secured bank loans	**69,986**	121,757
Unsecured bond issues (Sukuk) (Note 20.2)	**1,000,000**	1,000,000
Unsecured bank loans	**4,066,654**	3,342,544
	5,136,640	4,464,301
Current liabilities		
Current portion of secured bank loans	**54,311**	56,227
Current portion of unsecured bank loans	**477,595**	502,640
Secured bank loans	**157,636**	21,084
Unsecured bank loans	**2,366,365**	1,739,467
Bank overdrafts	**268,606**	116,597
	3,324,513	2,436,015
	8,461,153	6,900,316

Geographical analysis of loans and borrowings is as follows:

Location	**Long term loans**		**Short term Loan**		**Total loans and borrowings**	
	2021	2020	**2021**	2020	**2021**	2020
Saudi Arabia	**5,516,528**	4,807,848	**1,315,000**	1,025,278	**6,831,528**	5,833,126
Egypt	**152,018**	215,320	**531,027**	260,419	**683,045**	475,739
Algeria	**--**	--	**263,709**	150,362	**263,709**	150,362
Turkey	**--**	--	**235,864**	216,722	**235,864**	216,722
Iran	**--**	--	**202,611**	88,714	**202,611**	88,714
Morocco	**--**	--	**119,710**	75,055	**119,710**	75,055
UAE	**--**	--	**71,065**	51,369	**71,065**	51,369
Sudan	**--**	--	**53,621**	9,229	**53,621**	9,229
	5,668,546	5,023,168	**2,792,607**	1,877,148	**8,461,153**	6,900,316

20.1 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, Moroccan Dirham, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at December 31, 2021, loans and borrowings include sharia-compliant financing facilities amounting to SR 7.1 billion (December 31, 2020: SR 5.9 billion).

(Expressed in thousands of Saudi Riyal unless otherwise stated)

20. LOANS AND BOROWINGS (continued)

20.2 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.

20.3 Property, plant and equipment amounting to SR 133 million (December 31, 2020: SR 248 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

20.4 Inventories amounting to SR 93 million (December 31, 2020: SR 98 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

21. LEASE LIABILITIES

	2021	2020
Balance at beginning of year	**4,366,013**	4,632,526
Acquisition through Business Combination (Note 7)	**31,941**	--
Addition during the year	**184,875**	248,972
Lease terminated / modified during the year	**(296,671)**	(95,813)
Interest expense for the year (Note 37)	**222,946**	245,366
Payments during the year	**(648,909)**	(664,035)
Currency translation	**(3,197)**	(1,003)
Balance at end of year	**3,856,998**	4,366,013

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

	December 31, 2021	December 31, 2020
Lease liabilities – non-current portion	**3,288,518**	3,723,132
Lease liabilities – current portion	**568,480**	642,881
	3,856,998	4,366,013

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, 2021	December 31, 2020
Present value of defined benefit obligation	**857,358**	803,870

(Expressed in thousands of Saudi Riyal unless otherwise stated)

22. EMPLOYEE BENEFITS (continued)

General Description of the plan (continued)

An independent actuarial exercise has been conducted as at December 31, 2021 and December 31, 2020 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Labour Laws of respective jurisdictions by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

Movement in net defined benefit liability

Net defined benefit liability comprises only of defined benefit plans. The movement in the defined benefit obligation during the year is as follows:

	2021	2020
Balance at beginning of year	**803,870**	747,201
Acquisition through Business Combination (Note 7)	**10,488**	--
Included in profit or loss		
Current service cost	**96,268**	98,146
Interest cost	**19,298**	29,135
	115,566	127,281
Included in other comprehensive income		
Re-measurement loss / (gain):		
Actuarial loss / (gain) arising from:		
Financial assumptions	**11,913**	17,304
Experience adjustment	**12,955**	(3,664)
Actuarial loss	**24,868**	13,640
Effect of movement in exchange rates	**(2,468)**	(14,863)
Benefits paid	**(94,966)**	(69,389)
Balance at end of year	**857,358**	803,870

Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	**1.78% - 14.5%**	1.25% - 14.5%
Future salary growth / Expected rate of salary increase	**2% - 12.5%**	2% - 16.5%
Mortality rate	**0.10% - 0.20%**	0.10% - 0.20%
Employee turnover / withdrawal rates	**3% - 11.49%**	2.71% - 13%
Retirement age	**60 years**	60 years

The weighted average duration of the defined benefit obligation ranges between 5 to 22 years.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

22. EMPLOYEE BENEFITS (continued)

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, 2021		December 31, 2020	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(72,122)**	**70,761**	(68,288)	80,491
Future salary growth (1% movement)	**72,102**	**(73,479)**	81,059	(70,500)
Withdrawal rates (10% movement)	**(10,806)**	**10,430**	(10,670)	11,684
Future mortality (1 year movement)	**448**	**(445)**	474	(449)

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

23. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2021	2020	**2021**	2020	**2021**	2020
Property, plant and equipment	**--**	--	**(98,241)**	(97,173)	**(98,241)**	(97,173)
Provisions	**9,945**	10,705	**(22,057)**	(17,018)	**(12,112)**	(6,313)
Other items	**2,988**	4,657	**(24,051)**	(18,860)	**(21,063)**	(14,203)
Tax losses carry-forward	**15,870**	14,438	--	--	**15,870**	14,438
Net tax asset / (liabilities)	**28,803**	29,800	**(144,349)**	(133,051)	**(115,546)**	(103,251)

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, 2021	**Recognised in profit of loss**	**Recognised in OCI – CTR**	**Other Adjustments**	**December 31, 2021**
Property, plant and equipment	**(97,173)**	**(1,258)**	**190**	**--**	**(98,241)**
Provisions	**(6,313)**	**(6,486)**	**687**	**--**	**(12,112)**
Other items	**(14,203)**	**(8,284)**	**1,424**	**--**	**(21,063)**
Tax carry-forwards	**14,438**	**(2,986)**	**(3,369)**	**7,787**	**15,870**
	(103,251)	**(19,014)**	**(1,068)**	**7,787**	**(115,546)**

	January 1, 2020	Recognised in profit of loss	Recognised in OCI – CTR	December 31, 2020
Property, plant and equipment	(85,562)	(11,610)	(1)	(97,173)
Provisions	(11,090)	5,057	(280)	(6,313)
Other items	(9,591)	(4,635)	23	(14,203)
Tax carry-forwards	3,978	10,448	12	14,438
	(102,265)	(740)	(246)	(103,251)

(Expressed in thousands of Saudi Riyal unless otherwise stated)

24. TRADE PAYABLE

	Note	**December 31, 2021**	December 31, 2020
Third parties		**2,715,124**	2,281,397
Related parties	29	**192,730**	193,601
		2,907,854	2,474,998

25. ACCRUED AND OTHER LIABILITIES

	Note	**December 31, 2021**	December 31, 2020
Accrued expenses		**688,111**	572,137
Marketing related accruals		**403,891**	352,782
Employee related accrual		**332,797**	337,584
Accrued zakat and tax	26	**226,873**	199,210
Negative fair value of derivatives	13.3	**32,235**	208,110
Accrued utilities		**126,836**	130,303
Payable to government authorities	25.1	**104,770**	99,820
Payable to contractors		**132,124**	76,557
Provision against financial guarantee	25.2	**18,650**	74,295
Due to related parties	29	**222**	74,232
Accrued financial charges		**31,249**	41,378
Accrued rent	25.3	**84,699**	38,215
Advances from customers		**61,693**	36,325
Change in fair value of hedged item (firm commitments)		**34,451**	29,152
Unclaimed dividend	25.4	**5,141**	15,261
Insurance related liabilities		**3,755**	8,930
Other liabilities		**369,776**	335,671
		2,657,273	2,629,962

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. During the year, the Company made a partial payment amounting to SR 57.5 million (2020: SR 26.4 million) against the guarantee.

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

25. ACCRUED AND OTHER LIABILITIES (continued)

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.

26. ZAKAT AND INCOME TAXES

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

	December 31, 2021	December 31, 2020
Foreign income-tax charge	**66,023**	77,542
Zakat	**43,701**	40,429
	109,724	117,971
Deferred foreign income-tax charge (Note 23)	**19,014**	740
	128,738	118,711

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

	2021	2020
Balance at beginning of year	**199,210**	242,456
Charge for the year	**109,724**	117,971
Currency translation / other adjustments	**(3,404)**	(27,167)
Payments during the year	**(78,657)**	(113,047)
Reversals	**--**	(21,003)
Balance at end of year	**226,873**	199,210

(a) Zakat status

During the year 2019, the Company has finalised its Zakat status for the years 2005 to 2018. The 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 amended returns and resulting in assessment of SR 5.4 million. During the year 2020, the ZATCA issued a revised claim for the previously finalized years from 2014 to 2018. The management has escalated an objection against the said claim to the level of General Secretariat of Tax Committees and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these consolidated financial statements. The Company has open years 1999 and 2000, for which there is an ongoing objection of SR 1.9 million against the assessment issued by ZATCA.

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

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

(b) Income tax status

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Some of the foreign subsidiaries are currently tax exempt. 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, 2021	December 31, 2020
	Amounts in millions of Saudi Riyals	
Letters of credits	**58**	79
Bank guarantees	**126**	86
Commitments to buy raw sugar	**405**	252
Commitments to sell refined sugar	**824**	450
Capital commitments	**51**	47
	Quantity in Metric tonnes	
Commitments to buy raw sugar	**234,500**	211,134
Commitments to sell raw sugar	**381,026**	243,655

27.1 Also see note 20 with respect to guarantees given for certain loans and note 26 with respect to Zakat contingencies.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

27. CONTINGENCIES AND COMMITMENTS (continued)

27.2 The Group has various operating leases for its offices, warehouses, retail outlets and production facilities. Future rental commitments under these operating leases amounting to SR 50.3 million (December 31, 2020: SR 31.8 million) are payable within one year.

28. EARNINGS PER SHARE

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

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

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

	December 31, 2021	December 31, 2020
Issued ordinary shares	**533,980,700**	533,980,700
Effect of treasury shares (note 18)	**(449,745)**	(106,423)
Weighted average number of ordinary shares outstanding	**533,530,955**	533,874,277

29. RELATED PARTIES

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

Transactions with key management personnel

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES (continued)

Other related party transactions

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

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

The aggregate value of related party transactions and outstanding balances are as follows:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	**December 31, 2021**	December 31, 2020
Due from related parties – Trade receivables						
Certain shareholders of USC	Shareholders of a subsidiary	Trade	**182,775**	165,721	**31,191**	19,506
Certain shareholders of AIC	Shareholders of a subsidiary	Trade	**90,622**	75,889	**15,448**	17,761
Almarai	Associate	Trade	**47,762**	33,778	**3,773**	4,476
Western Bakeries Company Limited	Affiliate	Trade	**59,830**	43,585	**8,073**	3,068
USCE	Associate	Trade	**4,607**	2,626	**--**	--
					58,485	44,811

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES (continued)

Name	Relationship	Nature of transactions	Amount of transactions 2021	Amount of transactions 2020	Closing balance December 31, 2021	Closing balance December 31, 2020
Due from related parties – Prepayments and other receivables						
USCE	Associate	Non-trade	**154,577**	--	**385**	--
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Non-trade	**6,985**	8,507	**2,760**	3,078
Waste Collection & Recycling Company	Affiliate	Non-trade	**5,683**	5,494	**4,249**	1,241
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company	Affiliate	Non-trade	**1,530**	963	**20,060**	21,590
Zohoor Alreef	Affiliate	Non-trade	**184**	335	**493**	374
Intaj Capital Limited	Associate	Non-trade	--	14,097	--	--
Seafood International One	Affiliate	Non-trade	--	2,728	--	--
					27,947	26,283
Due to related parties – Trade payables						
Almarai	Associate	Trade	**733,678**	813,686	**115,536**	109,769
Nestle Group	Affiliate	Trade	**343,704**	345,209	**44,398**	38,563
Mayar Food Company	Affiliate	Trade	**114,042**	105,880	**27,394**	22,454
Del Monte Saudi Arabia Limited	Affiliate	Trade	**95,549**	131,639	**3,242**	8,152
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	**14,921**	25,800	**1,494**	3,714
Al Manhal Water Factory Company Limited	Affiliate	Trade	**6,860**	5,834	**614**	1,493
USCE	Associate	Trade	--	23,455	--	29
Seafood International One	Affiliate	Trade	--	17,204	--	9,375
Al Jazirah Dates & Food Factory	Affiliate	Trade	--	32	**52**	52
					192,730	193,601

(Expressed in thousands of Saudi Riyal unless otherwise stated)

29. RELATED PARTIES (continued)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	**December 31, 2021**	December 31, 2020
Due to related parties – Accrued and other liabilities						
Arabian Centers Company	Affiliate	Non-trade	**34,949**	34,726	**--**	--
Kinan	Associate	Non-trade	**28,947**	33,497	**222**	295
Dur Hospitality Company	Affiliate	Non-trade	**10,500**	10,500	**--**	--
USCE	Associate	Non-trade	**--**	34,709	**--**	73,937
Del Monte Saudi Arabia	Affiliate	Non-trade	**683**	555	**--**	--
Abdul Kader Al Muhaidib & Sons Co.	Shareholder	Non-trade	**266**	7,200	**--**	--
					222	74,232

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 capabilities 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 a 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 and super market 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; and

Investments - includes real estate activities, investments in associates, FVTPL, FVOCI 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, 2021	**Food Processing**	**Retail**	**Food Services**	**Frozen Food**	**Investments**	**Others / Eliminations**	**Total**
External revenues	**12,318,246**	**10,474,039**	**1,282,217**	**594,661**	**--**	**--**	**24,669,163**
Inter segment revenue	**311,876**	**2,085**	**31,639**	**48,283**	**27,545**	**(421,428)**	**--**
Segment Revenue	**12,630,122**	**10,476,124**	**1,313,856**	**642,944**	**27,545**	**(421,428)**	**24,669,163**
Cost of revenues	**(11,102,140)**	**(8,136,660)**	**(928,365)**	**(414,207)**	**--**	**390,923**	**(20,190,449)**
Impairment loss, net (Note 36)	**(43,583)**	**(363,038)**	**--**	**--**	**(15,245)**	**--**	**(421,866)**
Segment net profit before non-controlling interests	**375,441**	**(586,667)**	**160,837**	**72,095**	**374,408**	**--**	**396,114**
Segment net profit	**315,555**	**(586,667)**	**160,837**	**72,095**	**374,408**	**(114,349)**	**221,879**
Segment assets	**9,527,639**	**6,367,758**	**1,845,396**	**977,908**	**13,880,373**	**(4,053,155)**	**28,545,919**
Segment liabilities	**7,128,068**	**6,018,924**	**797,188**	**720,969**	**5,524,373**	**(735,416)**	**19,454,106**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

30. OPERATING SEGMENTS (continued)

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

31. REVENUE

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

	Reportable Segments						
2021	**Food Processing**	**Retail**	**Food services**	**Frozen Food**	**Investments**	**Others / Eliminations**	**Total**
Products transferred at a point in time	**12,630,122**	**10,428,514**	**1,313,856**	**642,944**	**--**	**(393,883)**	**24,621,553**
Products and services transferred over time	**--**	**47,610**	**--**	**--**	**27,545**	**(27,545)**	**47,610**
Total revenue	**12,630,122**	**10,476,124**	**1,313,856**	**642,944**	**27,545**	**(421,428)**	**24,669,163**

	Reportable Segments						
2020	Food Processing	Retail	Food services	Frozen Food	Investments	Others / Eliminations	Total
Products transferred at a point in time	8,643,559	11,577,303	1,076,083	736,797	--	(367,797)	21,665,945
Products and services transferred over time	--	35,996	--	--	36,077	(36,077)	35,996
Total revenue	8,643,559	11,613,299	1,076,083	736,797	36,077	(403,874)	21,701,941

32. COST OF REVENUES

	2021	2020
Inventories consumed / sold*	**18,196,114**	15,253,407
Salaries and employee related expenses	**699,199**	628,101
Overheads	**648,298**	558,504
Depreciation and amortisation	**398,449**	405,370
Freight & handling	**248,389**	216,176
	20,190,449	17,061,558

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

33. SELLING AND DISTRIBUTION EXPENSES

	2021	2020
Salaries and employee related expenses	**1,359,499**	1,360,515
Depreciation and amortisation	**589,981**	629,950
Utilities	**238,097**	261,404
Advertisement	**234,837**	200,715
Maintenance	**93,043**	95,149
Rent	**39,530**	94,519
Commission	**116,571**	78,173
Insurance	**22,417**	31,820
Communication	**11,048**	10,404
Others	**21,337**	18,721
	2,726,360	2,781,370

(Expressed in thousands of Saudi Riyal unless otherwise stated)

34. ADMINISTRATIVE EXPENSES

	2021	2020
Salaries and employee related expenses	**522,871**	537,834
Depreciation and amortisation	**77,515**	86,251
Professional fees	**94,016**	65,786
IT related cost	**33,260**	29,311
Utilities, telephone and communication cost	**18,639**	17,886
Insurance	**17,691**	12,874
Repairs and maintenance	**9,955**	9,605
Traveling	**5,779**	7,248
Rent	**3,935**	4,394
Training	**7,012**	3,366
Others	**80,586**	78,232
	871,259	852,787

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.

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

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) for the years ended December 31 are as follows:

	Year ended December 31, 2021		
	Iran	**Sudan**	**Total**
Revenue increased by	**97,583**	**549,989**	**647,572**
Profit for the year decreased by	**(7,085)**	**(8,654)**	**(15,739)**
Total non-current assets increased / (decreased) by	**(2,848)**	**46,350**	**43,502**
Currency translation differences impacted by	**28,796**	**75,829**	**104,625**

	Year ended December 31, 2020		
	Iran	Sudan	Total
Revenue (decreased) / increased by	(83,388)	31,093	(52,295)
Profit for the year (decreased) / increased by	(5,278)	4,758	(520)
Total non-current assets increased by	94,728	825	95,553
Currency translation differences impacted by	113,203	(4,134)	109,069

(Expressed in thousands of Saudi Riyal unless otherwise stated)

35. HYPERINFLATIONARY ACCOUNTING (continued)

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

	December 31, 2021	December 31, 2020
Conversion factor for Iran	**1.3514**	1.4570
Conversion factor for Sudan	**4.5050**	3.6244

36. IMPAIRMENT LOSS

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

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

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

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

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

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

(i) Estimated revenue and EBITDA growth for future five years based on expected sales volume and price growth for these years.
(ii) Estimated improvement in gross margins and EBITDA as a result of improvement plans currently being carried out by the Group.

These cash flows were discounted using a pre-zakat discount rate which was estimated using industry average weighted-average cost of capital and cost of debt, with a target debt to equity ratio of 79.9% at a post Zakat cost of debt of 3.7%.

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

During the year, the Group has recognised an impairment loss of SR 127.4 million (2020: SR 53.9 million) against right-of-use assets, impairment loss of SR 173.8 million (2020: SR 0.3 million) against items of property, plant and equipment and impairment loss of SR 12.6 million against intangible assets, due to changes in economic environment affecting footfall and basket size in retail segment.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

36. IMPAIRMENT LOSS (continued)

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

The recoverable amount is based on "value-in-use" method and was determined at the level of cash generating unit ("CGU") as identified by management and consists of the net operating assets of each store. In determining value in use for the CGUs, the cash flows (determined using approved five-year business plan and budget) were discounted at a rate of 10.3% to 11.4% on a post-Zakat basis and were projected up to the year 2026.

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

	2021	2020
Budgeted gross margin	**23.8% to 25.8%**	24.6% to 26.7%
Revenue growth rate	**2.8% to 2.9%**	0.3% to 5.2%
Operating expenses as percentage of sale	**18.3% to 18.6%**	16.9% to 16.1%
Budgeted EBITDA margins	**5.5% to 7.2%**	7.7% to 10.6%
Discount rate	**10.3% to 11.4%**	10.2% to 13.3%
Terminal growth value	**2.0%**	2.0%

The calculation of value-in-use is most sensitive to the following key assumptions used:
- Discount rate applied to cash flows projections
- Revenue growth rate
- EBITDA margins and
- Terminal Growth rate

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

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

36. IMPAIRMENT LOSS (continued)

c) *Impairment loss on goodwill:*

An impairment loss of SR 13.2 million was recognized during the year ended December 31, 2021 on the goodwill of Atabet Al Bab Communications and Information Technology LLC.

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

	2021
Budgeted gross margin	**18.8% to 20.8%**
Weighted average revenue growth rate	**30.6%**
Operating expenses as percentage of sales	**17.6% to 36.4%**
Budgeted EBITDA margins	**-17.6% to 3.2%**
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.

37. NET FINANCE COST

	2021	2020
Commission income on bank deposits	**56,934**	46,087
Gain on re-measurement of other commodity futures	**10,523**	33,023
Positive fair value of options	**26,524**	313
Finance income	**93,981**	79,423
Financial charges on borrowings	**291,187**	286,920
Interest expense on lease liabilities	**222,946**	245,366
Bank commission	**60,286**	39,832
Foreign exchange loss, net	**5,336**	41,890
Negative fair value of options	**--**	2,469
Unwinding of discount on site restoration	**5,669**	4,766
Finance cost	**585,424**	621,243
Net finance cost recognized in profit or loss	**491,443**	541,820

38. FINANCIAL RISK MANAGEMENT

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

38. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework

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

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

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

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

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, 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.

During 2014, the Group entered into Interest Rate Swaps ("IRSs") to partially manage its exposure to interest rate risk on Sukuk issuance value of SR 1.5 billion, up to the extent of SR 750 million. This had been designated as a Cash flow hedge. The IRSs matured on January 22, 2020.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

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, 2021	December 31, 2020
Fixed rate instruments		
Financial assets	**548,950**	472,077
Financial liabilities	**1,740,804**	1,555,686
Variable rate instruments		
Financial assets	**45,102**	36,823
Financial liabilities	**6,720,349**	5,344,630

The fair value of fixed rate financial liabilities amounted to SR 1,707 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 11.9 million (2020: SR 11.1 million).

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 67.7 million (2020: SR 53.3 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.

38. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

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

	December 31, 2021					
	US Dollars	**Iranian Riyals**	**Egyptian Pounds**	**Sudanese Pounds**	**Turkish Lira**	**United Arab Emirates Dirhams**
Trade receivables	**40,477**	**4,777,031,040**	**527,829**	**1,009,666**	**564,439**	**41,449**
Other receivables	**1,970**	**902,500,144**	**258,088**	**937,955**	**47,248**	**1,657**
Cash and bank balances	**20,136**	**19,232,166,164**	**928,953**	**2,496,276**	**1,289**	**113,346**
	62,583	**24,911,697,348**	**1,714,870**	**4,443,897**	**612,976**	**156,452**
Trade payables	**144,358**	**6,454,225,816**	**540,010**	**71,954**	**90,851**	**31,233**
Other payables	**6,013**	**4,939,736,618**	**838,397**	**1,491,323**	**4,708**	**25,507**
Loans and borrowings	**30,761**	**10,187,759,805**	**2,584,079**	**6,458,860**	**813,729**	**251**
	181,132	**21,581,722,239**	**3,962,486**	**8,022,137**	**909,288**	**56,991**
Net exposure	**(118,549)**	**3,329,975,109**	**(2,247,616)**	**(3,578,240)**	**(296,312)**	**99,461**

	December 31, 2020					
	US Dollars	Iranian Riyals	Egyptian Pounds	Sudanese Pounds	Turkish Lira	United Arab Emirates Dirhams
Trade receivables	7,336	2,432,828,253	322,541	86,957	250,048	35,155
Other receivables	4,727	1,918,614,600	273,312	62,024	30,889	16,312
Cash and bank balances	27,307	12,722,409,580	282,252	881,423	2,911	78,756
	39,370	17,073,852,433	878,105	1,030,404	283,848	130,223
Trade payables	87,738	8,446,462,668	414,110	264,825	60,589	19,755
Other payables	1,587	3,251,401,097	787,574	46,293	17,464	29,010
Loans and borrowings	4,629	5,967,259,717	1,275,900	660,763	424,775	22,728
	93,954	17,665,123,482	2,477,584	971,881	502,828	71,493
Net exposure	(54,584)	(591,271,049)	(1,599,479)	58,523	(218,980)	58,730

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

Significant exchange rates applied during the year were as follows:

	Average rate For the year ended December 31,		Spot rate As at December 31,	
	2021	2020	**2021**	2020
Foreign currency per Saudi Riyal				
US Dollars	**0.27**	0.27	**0.27**	0.27
Iranian Riyals	**66,344**	48,700	**65,425**	67,264
Egyptian Pounds	**4.20**	4.24	**4.20**	4.19
Sudanese Pounds	**96.10**	47.67	**120.60**	71.60
Turkish Lira	**2.71**	1.73	**3.46**	1.96
United Arab Emirates Dirhams	**1.02**	1.02	**1.02**	1.02

The Group's investment 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 8.2 million (2020: SR 6.5 million).

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 13, 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, 2021, the Company's overall exposure to price risk is limited to the fair value of those positions.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Price risk (continued)

Sensitivity analysis

The net assets of the Group will increase / (decrease) by SR 3.6 million (2020: SR 3.0 million) if the prices of quoted equity vary due to increase / decrease in fair values by 1% with all other factors held constant.

Credit risk

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

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

	December 31, 2021	December 31, 2020
Financial assets		
Trade receivables	**1,757,000**	1,322,318
Other receivables	**378,354**	278,712
Derivatives	**116,905**	45,759
Investment at fair value through profit or loss	**27,069**	2,792
Bank balances	**1,342,260**	1,066,059
	3,621,588	2,715,640

Trade receivables are carried net of allowance for Expected Credit Losses.

As at the reporting date, receivable overdue for more than six months amounted to SR 134.6 million (December 31, 2020: SR 129.6 million). The total allowance for Expected Credit Losses (“ECL”) at December 31, 2021 amounted to SR 150.4 million (December 31, 2020: SR 140.1 million). There were no past due or impaired receivables from related parties other than SR 4 million receivable from an investee company, Joussour Holding Company. “Related Parties”. Company has recorded full impairment against the said receivable balance.

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.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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

	Gross carrying amount	
	December 31, 2021	December 31, 2020
Current (not past due)	**1,401,093**	679,849
1–30 days past due	**149,722**	298,644
31–60 days past due	**32,407**	157,672
61–90 days past due	**27,633**	38,781
More than 90 days past due	**146,145**	147,372
Total	**1,757,000**	1,322,318

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 life-time expected loss basis and reflects the short maturities of the exposures having low credit risk.

Cash and bank balances
Impairment on cash and bank balances 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 bank balances have low credit risk based on the external credit ratings of the counterparties.

Concentration Risk

The sector wise analysis of receivables is given below:

	December 31, 2021	December 31, 2020
Wholesale / Retail	**990,735**	811,374
Manufacturing	**410,760**	221,475
Exports	**212,086**	147,135
Others	**143,419**	142,334
	1,757,000	1,322,318
Less: Allowance for Expected Credit Losses	**(150,365)**	(140,092)
	1,606,635	1,182,226

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Concentration Risk (continued)

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

	December 31, 2021	December 31, 2020
Saudi Arabia	**1,058,877**	925,902
Turkey	**180,940**	141,577
Egypt	**183,708**	98,914
Iran	**35,120**	20,171
UAE	**159,686**	43,990
Other Regions	**138,669**	91,764
	1,757,000	1,322,318
Less: Allowance for Expected Credit Losses	**(150,365)**	(140,092)
	1,606,635	1,182,226

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, 2021, the Group has unused bank financing facilities amounting to SR 4.4 billion (December 31, 2020: SR 4.8 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.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

December 31, 2021	Carrying Amount	Contractual cash flows: Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	**8,461,153**	**2,925,130**	**715,549**	**2,040,689**	**1,337,015**	**2,021,870**
Lease liabilities	**3,856,998**	**515,402**	**502,956**	**1,086,026**	**872,321**	**2,316,123**
Trade payables	**2,907,854**	**2,907,854**	**--**	**--**	**--**	**--**
Accrued and other liabilities	**2,113,063**	**2,113,063**	**--**	**--**	**--**	**--**
Unclaimed dividends	**262,024**	**262,024**	**--**	**--**	**--**	**--**
	17,601,092	**8,723,473**	**1,218,505**	**3,126,715**	**2,209,336**	**4,337,993**
Derivative financial liabilities						
Derivative contracts used for hedging	**26,474**	**15,334**	**9,814**	**1,327**	**--**	**--**
Put Option	**164,220**	**--**	**--**	**166,693**	**--**	**--**
Other derivative contracts not for hedging	**5,761**	**5,761**	**--**	**--**	**--**	**--**
	196,455	**21,095**	**9,814**	**168,020**	**--**	**--**

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

December 31, 2020	Carrying Amount	Contractual cash flows: Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	6,900,316	2,227,904	366,962	1,374,446	590,396	2,832,313
Lease liabilities	4,366,013	311,499	309,257	1,137,645	1,011,536	2,896,954
Trade payables	2,474,998	2,474,998	--	--	--	--
Accrued and other liabilities	2,051,407	2,051,407	--	--	--	--
Unclaimed dividends	263,853	263,853	--	--	--	--
	16,056,587	7,329,661	676,219	2,512,091	1,601,932	5,729,267

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

		Contractual cash flows				
December 31, 2020	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	80,871	77,736	3,135	--	--	--
Put Option	190,562	--	--	197,203	--	--
Other derivative contracts not for hedging	127,239	127,239	--	--	--	--
	398,672	204,975	3,135	197,203	--	--

Fair value of assets and liabilities

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

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

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

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

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

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

38. FINANCIAL RISK MANAGEMENT (continued)

Fair value of assets and liabilities (continued)

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 recognizes 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 (continued)

Fair value of assets and liabilities (continued)

	Carrying amount				Fair Value			
December 31, 2021	**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	27,069	--	--	--	812	26,257	--	27,069
Future exchange contracts used for hedging	--	--	116,905	--	--	116,905	--	116,905
Call option	--	2,493	--	--	--	--	2,493	2,493
Equity securities (Note 10)	--	--	--	475,425	--	475,425	--	475,425
	27,069	2,493	116,905	475,425	812	618,587	2,493	621,892
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	26,474	--	--	26,474	--	26,474
Other future exchange contracts	--	5,761	--	--	--	5,761	--	5,761
Put option	--	164,220	--	--	--	--	164,220	164,220
	--	169,981	26,474	--	--	32,235	164,220	196,455

(Expressed in thousands of Saudi Riyal unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (continued)

Fair value of assets and liabilities (continued)

	Carrying amount				Fair Value			
December 31, 2020	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	2,792	--	--	--	2,792	--	--	2,792
Future exchange contracts used for hedging	--	--	45,759	--	--	45,759	--	45,759
Call option	--	2,311	--	--	--	--	2,311	2,311
Equity securities (Note 10)	--	--	--	387,196	--	387,196	--	387,196
	2,792	2,311	45,759	387,196	2,792	432,955	2,311	438,058
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	80,871	--	--	80,871	--	80,871
Other future exchange contracts	--	127,239	--	--	--	127,239	--	127,239
Put option	--	190,562	--	--	--	--	190,562	190,562
	--	317,801	80,871	--	--	208,110	190,562	398,672

38. FINANCIAL RISK MANAGEMENT (continued)

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
Call and Put Option	Black Scholes Model	Strike price Volatility of Sugar index Spot price (fair value)	Increase in fair value will decrease the Put Option and increase the Call option values. Increase in volatility index will increase the value of Put and Call options.

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 bank balances. 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 as at December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	**19,454,106**	17,893,830
Less: Cash and bank balances	**(1,374,790)**	(1,093,378)
Adjusted net liabilities	**18,079,316**	16,800,452
Total equity	**9,091,813**	9,164,554
Less: Hedging reserve	**2,493**	(4,019)
Adjusted equity	**9,094,306**	9,160,535
Adjusted net liabilities to adjusted equity ratio	**1.99**	1.83

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

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

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

PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

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

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

41. IMPACT OF COVID-19

In response to the spread of COVID-19 in early 2020, the Group's management assigned a task force to proactively monitor and assess the possible impact on the Group's business in Saudi Arabia and other geographies where it operates.

The priority of the Group remains to protect the health, safety and welfare of its employees, customers and partners; as well as, to support the Government and its agencies as they work to reduce the impact of the outbreak. In this regard, the Group's management has taken a series of preventive measures to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations.

Whilst it is challenging to predict the full extent and duration of business and economic impacts, the Group's management has considered the potential impacts of COVID-19 on the operations and based on recent Government uplift of travel and other COVID-19 restrictions, the business environment is now open and back to normal therefore, it is concluded that as of the issuance date of these consolidated financial statements, no significant changes are required to the judgements and key estimates.

The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on March 28, 2022, corresponding to Shaban 25, 1443H.