

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

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

For the six-month period ended June 30, 2023  
together with the Independent Auditor's Review Report

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - (UNAUDITED)**  
For the six-month period ended June 30, 2023

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## KPMG Professional Services

Zahrán Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

# Independent Auditor's Report on review of condensed consolidated interim financial statements

To the Shareholders of Savola Group Company

## Introduction

We have reviewed the accompanying June 30, 2023 condensed consolidated interim financial statements of Savola Group Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at June 30, 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2023;
- the condensed consolidated statement of changes in equity for the six-month period ended June 30, 2023;
- the condensed consolidated statement of cash flows for the six-month period ended June 30, 2023; and
- the notes to the condensed consolidated interim financial statements.

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

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2023, condensed consolidated interim financial statements of **Savola Group Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## For KPMG Professional Services

Nasser Ahmed Al Shutairy  
License No. 454



Jeddah, August 9, 2023  
Corresponding to Muharram 22, 1445H

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

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

	<u>Note</u>	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
<b>ASSETS</b>			
Property, plant and equipment		5,781,587	5,838,918
Right-of-use assets		3,076,148	3,216,969
Intangible assets and goodwill		1,770,337	1,797,439
Investment property		177,199	176,830
Equity-accounted investees	6	8,995,707	8,942,646
Investments at fair value through other comprehensive income	7	110,658	104,428
Deferred tax asset		30,630	33,454
<b>Non-current assets</b>		<b>19,942,266</b>	<b>20,110,684</b>
Inventories		4,299,724	4,637,024
Derivative		--	25
Trade receivables		1,977,489	1,658,393
Prepayments and other receivables		1,548,193	1,492,612
Investments at fair value through profit or loss	7	24,510	43,448
Cash and bank balances	5	1,920,132	1,435,552
Assets held for sale	4	--	186,910
<b>Current assets</b>		<b>9,770,048</b>	<b>9,453,964</b>
<b>TOTAL ASSETS</b>		<b>29,712,314</b>	<b>29,564,648</b>
<b>EQUITY</b>			
Share capital	8	5,339,807	5,339,807
Share premium		342,974	342,974
Shares held under employees' share based payment plan	9	(131,862)	(51,862)
Statutory reserve	10	1,774,085	1,774,085
General reserve		4,000	4,000
Other reserves		(411,880)	(452,731)
Effect of transactions with non-controlling interests without change in control		(187,979)	(187,979)
Foreign currency translation reserve		(2,255,765)	(2,066,346)
Retained earnings		3,725,215	3,552,764
<b>Equity attributable to owners of the Company</b>		<b>8,198,595</b>	<b>8,254,712</b>
Non-controlling interests		1,022,212	1,061,981
<b>TOTAL EQUITY</b>		<b>9,220,807</b>	<b>9,316,693</b>
<b>LIABILITIES</b>			
Loans and borrowings	11	3,745,102	4,082,213
Lease liabilities		2,930,062	3,156,281
Employee benefits		856,689	844,487
Long-term payables		257,699	258,456
Provision against asset restoration		153,543	150,903
Deferred tax liability		96,276	111,153
<b>Non-current liabilities</b>		<b>8,039,371</b>	<b>8,603,493</b>
Loans and borrowings	11	5,133,433	4,062,383
Lease liabilities		606,483	566,439
Trade payables		3,167,933	3,893,105
Derivative		195,377	186,274
Accrued and other liabilities		3,341,109	2,770,552
Liabilities classified as held for sale	4	7,801	165,709
<b>Current liabilities</b>		<b>12,452,136</b>	<b>11,644,462</b>
<b>TOTAL LIABILITIES</b>		<b>20,491,507</b>	<b>20,247,955</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,712,314</b>	<b>29,564,648</b>

The accompanying notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	<b>Three-month period ended June 30</b>		<b>Six-month period ended June 30</b>	
		<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Revenues	16	<b>6,093,286</b>	6,888,305	<b>13,907,780</b>	14,377,656
Cost of revenues	16	<b>(4,846,330)</b>	(5,640,642)	<b>(11,158,791)</b>	(11,844,581)
<b>Gross profit</b>		<b>1,246,956</b>	1,247,663	<b>2,748,989</b>	2,533,075
Share of results in investment in equity-accounted investees, net of zakat and tax		<b>182,515</b>	196,704	<b>395,975</b>	392,680
Selling and distribution expenses		<b>(731,946)</b>	(702,397)	<b>(1,488,234)</b>	(1,431,713)
Administrative expenses		<b>(254,921)</b>	(246,417)	<b>(486,852)</b>	(478,257)
<b>Results from operating activities</b>		<b>442,604</b>	495,553	<b>1,169,878</b>	1,015,785
Finance income		<b>23,385</b>	12,710	<b>45,698</b>	34,400
Finance cost		<b>(247,194)</b>	(173,228)	<b>(521,910)</b>	(346,197)
<b>Net finance cost</b>		<b>(223,809)</b>	(160,518)	<b>(476,212)</b>	(311,797)
Gain on sale of a subsidiary	4	--	--	<b>18,475</b>	--
<b>Profit before zakat and income tax</b>		<b>218,795</b>	335,035	<b>712,141</b>	703,988
Zakat and income tax expense	12	<b>(59,114)</b>	(55,783)	<b>(133,569)</b>	(118,077)
<b>Profit for the period</b>		<b>159,681</b>	279,252	<b>578,572</b>	585,911
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Investments at fair value through other comprehensive income - net change in fair value		<b>8,106</b>	(116,497)	<b>6,230</b>	(101,427)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign operations - foreign currency translation differences		<b>17,995</b>	135,246	<b>(222,955)</b>	42,801
Equity accounted investees – share of other comprehensive income		<b>(24,559)</b>	(18,567)	<b>40,060</b>	(95,568)
Cash flow hedges - effective portion of changes in fair value		<b>(12,417)</b>	(28,158)	<b>(15,484)</b>	(31,192)
<b>Other comprehensive loss</b>		<b>(10,875)</b>	(27,976)	<b>(192,149)</b>	(185,386)
<b>Total comprehensive income for the period</b>		<b>148,806</b>	251,276	<b>386,423</b>	400,525

The accompanying notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.

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

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

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<b>Three-month period ended June 30</b>		<b>Six-month period ended June 30</b>	
		<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		<b>132,032</b>	213,752	<b>524,778</b>	484,644
Non-controlling interests		<b>27,649</b>	65,500	<b>53,794</b>	101,267
<b>Profit for the period</b>		<b><u>159,681</u></b>	<b><u>279,252</u></b>	<b><u>578,572</u></b>	<b><u>585,911</u></b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		<b>138,450</b>	182,149	<b>371,448</b>	300,499
Non-controlling interests		<b>10,356</b>	69,127	<b>14,975</b>	100,026
<b>Total comprehensive income for the period</b>		<b><u>148,806</u></b>	<b><u>251,276</u></b>	<b><u>386,423</u></b>	<b><u>400,525</u></b>
<b>Earnings per share attributable to the Owners of the Company (in Saudi Riyals):</b>					
- Basic	14	<b><u>0.25</u></b>	<u>0.40</u>	<b><u>0.99</u></b>	<u>0.91</u>
- Diluted	14	<b><u>0.25</u></b>	<u>0.40</u>	<b><u>0.98</u></b>	<u>0.91</u>

The accompanying notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.

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

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

For the six-month period ended June 30, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	Share capital	Share premium	Shares held under employees' share based payment plan	Statutory reserve	General reserve	Other reserves	Effect of transactions with non-controlling interests without change in control	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at January 1, 2023</b>	<b>5,339,807</b>	<b>342,974</b>	<b>(51,862)</b>	<b>1,774,085</b>	<b>4,000</b>	<b>(452,731)</b>	<b>(187,979)</b>	<b>(2,066,346)</b>	<b>3,552,764</b>	<b>8,254,712</b>	<b>1,061,981</b>	<b>9,316,693</b>
<u>Total comprehensive income / (loss)</u>												
Profit for the period	--	--	--	--	--	--	--	--	524,778	524,778	53,794	578,572
Other comprehensive income / (loss)	--	--	--	--	--	36,089	--	(189,419)	--	(153,330)	(38,819)	(192,149)
	--	--	--	--	--	36,089	--	(189,419)	524,778	371,448	14,975	386,423
Charge for equity-settled employees' share based payment plan (Note 9)	--	--	--	--	--	4,762	--	--	--	4,762	30	4,792
Purchase of treasury shares for employees' share based payment plan (Note 9)	--	--	(80,000)	--	--	--	--	--	--	(80,000)	--	(80,000)
Dividends (Note 8)	--	--	--	--	--	--	--	--	(352,427)	(352,427)	(54,774)	(407,201)
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	100	100	--	100
<b>Balance at June 30, 2023</b>	<b>5,339,807</b>	<b>342,974</b>	<b>(131,862)</b>	<b>1,774,085</b>	<b>4,000</b>	<b>(411,880)</b>	<b>(187,979)</b>	<b>(2,255,765)</b>	<b>3,725,215</b>	<b>8,198,595</b>	<b>1,022,212</b>	<b>9,220,807</b>

The accompanying notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.

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

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

For the six-month period ended June 30, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	Share capital	Share premium	Shares held under employees' share based payment plan	Statutory reserve	General reserve	Other reserves	Effect of transactions with non- controlling interests without change in control	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
Balance at January 1, 2022	5,339,807	342,974	(30,433)	1,774,085	4,000	(104,866)	(187,979)	(1,899,084)	2,840,089	8,078,593	1,013,220	9,091,813
<u>Total comprehensive income / (loss)</u>												
Profit for the period	--	--	--	--	--	--	--	--	484,644	484,644	101,267	585,911
Other comprehensive income / (loss)	--	--	--	--	--	(216,569)	--	32,424	--	(184,145)	(1,241)	(185,386)
	--	--	--	--	--	(216,569)	--	32,424	484,644	300,499	100,026	400,525
Charge for equity-settled employees' share based payment plan (Note 9)	--	--	--	--	--	4,878	--	--	--	4,878	43	4,921
Purchase of shares held under employees' share based payment plan (Note 9)	--	--	(21,429)	--	--	--	--	--	--	(21,429)	--	(21,429)
Dividends	--	--	--	--	--	--	--	--	(106,796)	(106,796)	(34,561)	(141,357)
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	151	151	--	151
Balance at June 30, 2022	<u>5,339,807</u>	<u>342,974</u>	<u>(51,862)</u>	<u>1,774,085</u>	<u>4,000</u>	<u>(316,557)</u>	<u>(187,979)</u>	<u>(1,866,660)</u>	<u>3,218,088</u>	<u>8,255,896</u>	<u>1,078,728</u>	<u>9,334,624</u>

The accompanying notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-month period ended June 30,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit for the period		578,572	585,911
Adjustments for:			
Depreciation and amortisation		535,859	507,197
Net finance cost		476,212	311,797
Share of results in investment in equity accounted investees, net of zakat and tax		(395,975)	(392,680)
Share based payment expense	9	4,792	4,921
(Gain) / loss on sale of property, plant and equipment and intangible assets		(10,820)	430
Zakat and income tax expense		133,569	118,077
Gain on sale of a subsidiary	4	(18,475)	--
		<u>1,303,734</u>	<u>1,135,653</u>
<b>Changes in:</b>			
Inventories		100,776	(796,084)
Trade receivables		(442,951)	(545,793)
Prepayments and other receivables		105,863	(464,959)
Trade payables		(719,514)	615,596
Employee benefits		19,433	17,093
Accrued and other liabilities		570,308	453,320
<b>Cash generated from operating activities</b>		<u>937,649</u>	<u>414,826</u>
Finance cost paid		(295,025)	(177,080)
Zakat and income tax paid		(48,129)	(55,993)
<b>Net cash generated from operating activities</b>		<u>594,495</u>	<u>181,753</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(427,071)	(424,131)
Proceeds from sale of property, plant and equipment		31,499	41,231
Dividends received		366,746	356,827
Acquisition of investments	7	--	(26,261)
Net investment in FVTPL investments		18,938	(163)
Net proceeds from sale of a subsidiary	4	41,403	--
<b>Net cash generated from / (used in) investing activities</b>		<u>31,515</u>	<u>(52,497)</u>
<b>Cash flows from financing activities</b>			
Net change in loans and borrowings – current		1,286,183	1,097,169
Net change in loans and borrowings - non-current		(333,470)	(158,333)
Net changes in bank deposits with maturity more than three months		(110,491)	(157,694)
Dividends paid		(346,920)	(106,210)
Payment of lease liabilities		(366,286)	(362,446)
Net changes in non-controlling interests		(54,774)	(34,561)
Purchase of shares held under employees' share based payment Plan	9	(80,000)	(21,429)
<b>Net cash (used in) / generated from financing activities</b>		<u>(5,758)</u>	<u>256,496</u>
<b>Net change in cash and cash equivalents</b>		<u>620,252</u>	<u>385,752</u>
Effect of movement in exchange rates on cash and cash equivalents		(100,154)	(32,396)
Cash and cash equivalents at beginning of the period	5	<u>600,759</u>	<u>518,830</u>
<b>Cash and cash equivalents at end of the period</b>	5	<u>1,120,857</u>	<u>872,186</u>
<b>Supplemental schedule of non-cash financial information:</b>			
Other reserves		30,806	(228,187)
Foreign currency translation reserve		(222,955)	42,801

The accompanying notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.

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

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

For the six-month period ended June 30, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION**

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

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

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

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

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

At June 30, 2023, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

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

i) Operating subsidiaries

<u><b>Subsidiary name</b></u>	<u><b>Country of incorporation</b></u>	<u><b>Principal business activity</b></u>	<u><b>Direct ownership interest (%)</b></u>	
			<u><b>June 30, 2023</b></u>	<u><b>December 31, 2022</b></u>
Savola Foods Company ("SFC")	Saudi Arabia	Foods	<b>100</b>	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	<b>98.87</b>	98.87
Good Food Company ("GFC")	Saudi Arabia	Holding company	<b>100</b>	100

**SAVOLA GROUP COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month period ended June 30, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

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

i) Operating subsidiaries (continued)

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate	<b>80</b>	80
Herfy Food Services Company ("Herfy")	Saudi Arabia	Restaurant & manufacturing bakery products	<b>49</b>	49

ii) Holding and Dormant subsidiaries

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Adeem Arabia Company	Saudi Arabia	Holding company	<b>100</b>	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	<b>100</b>	100
Al Matana Holding Company	Saudi Arabia	Holding company	<b>100</b>	100
Madarek Investment Company	Jordan	Holding company	<b>100</b>	100
United Properties Development Company	Saudi Arabia	Dormant company	<b>100</b>	100
Subsidiaries controlled through Al Matana Holding Company:				
SGC Ventures Limited	Cayman Islands	Holding company	<b>100</b>	100
SGC Marketplace Venture	Cayman Islands	Holding company	<b>100</b>	100
SGC Agritech Ventures	Cayman Islands	Holding company	<b>100</b>	100

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

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

For the six-month period ended June 30, 2023

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

**(II) Savola Foods Company**

The Parent Company has a 100% (December 31, 2022: 100%) ownership interest in Savola Foods Company ("SFC"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 05, 1429H (July 08, 2008).

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

Subsidiaries controlled through Savola Foods Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Afia International Company ("AIC")	Saudi Arabia	Manufacturing of edible oils	<b>95.19</b>	95.19
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	Holding company	<b>100</b>	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	<b>100</b>	100
Savola Foods Emerging Markets Company Limited	British Virgin Islands (BVI)	Holding company	<b>95.43</b>	95.43
Savola Foods for Sugar Company	Cayman Islands	Holding company	<b>95</b>	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	<b>100</b>	100
International Foods Industries Company ("IFI")	Saudi Arabia	Manufacturing of specialty fats	<b>100</b>	100

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**1. GENERAL INFORMATION (continued)**

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

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Seafood International Two FZCO	UAE	Seafood products trading and distribution	100	100
Afia Arabia for Foods	Saudi Arabia	Dormant company	100	100
Seafood International Holdco	Cayman Islands	Holding company	100	100
Al Maoun International Holding Company	Saudi Arabia	Holding company	100	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	100	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	100	100
Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding company	100	100
Industrial Sustainable Development Company (ISDC)	Saudi Arabia	Renewable energy	100	--
<b>SIFCO</b>				
Bayara Holding Limited	Cayman Islands	Holding company	100	100
Bayara FZE Limited	UAE	Holding Company	100	100
Savola Snacks*	Egypt	Manufacturing of snacks	99	99

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

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**1. GENERAL INFORMATION (continued)**

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

a) Subsidiaries controlled through Afia International Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Savola Behshahr Company ("SBeC")	Iran	Holding company	<b>90</b>	90
Malintra Holdings	Luxembourg	Dormant company	<b>100</b>	100
Savola Foods Limited ("SFL")	BVI	Holding company	<b>100</b>	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	<b>98.57</b>	98.57
Inveskz Inc.	BVI	Holding company	<b>90</b>	90
Afia Trading International	BVI	Dormant company	<b>100</b>	100
Savola Foods International	BVI	Dormant company	<b>100</b>	100
KUGU Gida Yatam Ve Ticaret A.S ("KUGU")	Turkey	Holding company	<b>100</b>	100
Aseel Food – Hold Co.	Cayman Island	Holding company	<b>100</b>	100
<b><u>SBeC</u></b>				
Behshahr Industrial Company	Iran	Manufacturing of edible oils	<b>79.9</b>	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	<b>100</b>	100
Savola Behshahr Sugar Company	Iran	Trading and distribution	<b>100</b>	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	<b>100</b>	100
<b><u>Behshahr Industrial Company</u></b>				
Mahsoolat Daryae Ta'm Afarin Saba Company (Sahel)	Iran	Seafood products trading and distribution	<b>100</b>	100
<b><u>SFL</u></b>				
Afia International Company, Egypt ("AICE")	Egypt	Manufacturing of edible oils	<b>99.95</b>	99.95
<b><u>AICE</u></b>				
Savola For Export and Import	Egypt	Trading and distribution	<b>49</b>	49
<b><u>KUGU</u></b>				
Savola Gida Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	<b>100</b>	100

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**1. GENERAL INFORMATION (continued)**

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

b) Subsidiaries controlled through Savola Industrial Investment Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
United Sugar Company ("USC")	Saudi Arabia	Manufacturing of sugar	<b>74.48</b>	74.48

**USC**

Alexandria Sugar Company, Egypt ("ASCE")*	Egypt	Manufacturing of sugar	<b>62.13</b>	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	<b>100</b>	100

**ASCE**

Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	<b>100</b>	100
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c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:

Savola Morocco Company (Refer Note 4)	Morocco	Manufacturing of edible oils	--	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	<b>100</b>	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	<b>100</b>	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

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

e) Subsidiaries controlled through Al Maoun and Marasina

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

Seafood International One FZCO	UAE	Seafood products distribution	<b>80</b>	80
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\* The Group's effective ownership interest in ASCE is 71.66% (December 31, 2022: 71.66%).

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**1. GENERAL INFORMATION (continued)**

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

g) Subsidiaries controlled through Bayara Holding Limited

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Kamali Investment Limited	UAE	Holding Company	<b>100</b>	100
Kandoo Worldwide Limited	BVI	Dormant company	<b>100</b>	100

h) Subsidiaries controlled through Bayara FZE

GYMA Food Industries	UAE	Processing of spices, nuts and pulses	<b>100</b>	100
Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	<b>100</b>	100
Profood Holdings Limited (under liquidation)	UAE	Dormant company	<b>100</b>	100

**(III) Panda Retail Company**

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

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



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**1. GENERAL INFORMATION (continued)**

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

Subsidiaries controlled through Panda:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Giant Stores Trading Company	Saudi Arabia	Retail	<b>100</b>	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	<b>100</b>	100
Panda International for Retail Trading	Egypt	Retail	<b>100</b>	100
Panda Bakeries Company	Saudi Arabia	Dormant company	<b>100</b>	100
Atabet Al Bab Communications and Information Technology LLC	Saudi Arabia	E-commerce	<b>100</b>	100

**Giant**

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

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

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

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**1. GENERAL INFORMATION (continued)**

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

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

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Ownership interest (%)</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>
Variety Food Factory Company	Saudi Arabia	Manufacturing of frozen food	<b>51</b>	51
Al Ahsan Trading Company	Saudi Arabia	Trading and distribution	<b>51</b>	51
Al Helal Imports and Exports Company	Bahrain	Trading and distribution	<b>51</b>	51
Sahar Enterprises Company	UAE	Trading and distribution	<b>51</b>	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	<b>51</b>	51
Al Kabeer Holding Limited	UAE	Holding Company	<b>51</b>	51
Best Foodstuff Trading Company	UAE	Trading and distribution	<b>51</b>	51

Subsidiaries controlled through Al Kabeer Holding Limited:

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

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For the six-month period ended June 30, 2023

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**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The accompanying condensed consolidated interim financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards for Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2022 ("last annual financial statements").

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

**i) Accounting convention / Basis of Measurement**

These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, going concern concept and under the historical cost basis, except for investments other than those carried at amortized cost, firm commitments and inventory under fair value hedging relationship, derivative financial instruments, lease liabilities and employee benefits which are recognised at the present value of future obligation using the Projected Unit Method. Certain comparative amounts have been reclassified to conform to the current period's presentation.

**ii) Functional and presentation currency**

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

**b) Critical accounting estimates and judgments**

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

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

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

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

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended December 31, 2022. A number of amendments to standards which are effective from January 1, 2023 and certain reclassifications made to the comparative amounts, do not have a material effect on these condensed consolidated interim financial statements.

**4. SALE OF A SUBSIDIARY AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**

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

	<b>June 30, 2023</b>	December 31, 2022
Assets classified as held for sale, relating to		
- Savola Morocco Company	--	186,910
- United Edible Oils Holding Limited	--	--
	<u>--</u>	<u>186,910</u>
Liabilities associated with assets held for sale, relating to		
- Savola Morocco Company	--	162,635
- United Edible Oils Holding Limited	<b>7,801</b>	3,074
	<u><b>7,801</b></u>	<u>165,709</u>

In this respect, the Company signed a Share Purchase Agreement (SPA) dated November 10, 2022 to sell the Company's interest in Savola Morocco Company. During the three-month period ended March 31, 2023, all legal formalities for the sale of Savola Morocco Company were completed and the net consideration of SR 41.4 million was received against net carrying amount and transaction charges of SR 22.9 million, resulting in a gain on disposal amounting to SR 18.5 million.

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

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

**5. CASH AND BANK BALANCES**

	<b>June 30, 2023</b>	December 31, 2022
Cash in hand	<b>62,310</b>	24,441
Cash at bank- current account	<b>899,260</b>	766,342
Term deposits (Note 5.1)	<b>958,562</b>	644,769
Cash and bank balances	<u><b>1,920,132</b></u>	<u>1,435,552</u>
Deposits with maturity more than three months	<b>(660,435)</b>	(623,074)
Bank overdrafts	<u><b>(138,840)</b></u>	<u>(211,719)</u>
Cash and cash equivalents for cash flow purposes	<u><b>1,120,857</b></u>	<u>600,759</u>

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

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**6. EQUITY ACCOUNTED INVESTEEES**

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

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal business sector</u>	<u>Ownership interest (%)</u>		<u>Amount</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Almarai Company	Saudi Arabia	Fresh food products	<b>34.52</b>	34.52	<b>8,495,616</b>	8,387,491
Kinan International for Real Estate Development Company ("Kinan")	Saudi Arabia	Real estate	<b>29.9</b>	29.9	<b>354,565</b>	356,764
United Sugar Company, Egypt ("USCE")	Egypt	Manufacturing of sugar	<b>33.82</b>	33.82	<b>132,480</b>	185,345
Intaj Capital Limited	Republic of Tunisia	Fund management	<b>49</b>	49	<b>13,046</b>	13,046
					<b>8,995,707</b>	<b>8,942,646</b>

**7. INVESTMENTS**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Investments at fair value through other comprehensive income (Note 7.1)	<b>110,658</b>	104,428
Investments at fair value through profit or loss	<b>24,510</b>	43,448

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Quoted investments (Note 7.2)	<b>62,704</b>	55,871
Unquoted investments	<b>47,954</b>	48,557
	<b>110,658</b>	104,428

**7.2 Quoted Investments at fair value through other comprehensive income**

<u>Quoted investments</u>	<u>Principal business sector</u>	<u>Country of incorporation</u>	<u>Ownership interest (%)</u>		<u>Amount</u>	
			<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Emaar the Economic City	Real Estate	Saudi Arabia	<b>0.9</b>	0.9	<b>62,704</b>	55,871
Arab Phoenix Holdings Company	Real Estate	Jordan	<b>5</b>	5	--	--
					<b>62,704</b>	55,871

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**7. INVESTMENTS (continued)**

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

**8. SHARE CAPITAL AND DIVIDEND DECLARATION**

At June 30, 2023 and December 31, 2022, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

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

**9. SHARE BASED PAYMENT PLAN**

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

Significant features of the Plans are as follows:

<u>Grant date</u>	<u>Total number of shares granted</u>	<u>Service / vesting period</u>	<u>Fair value per share on grant date</u>
September 10, 2022	645,549	3 years	SR 31.2
September 10, 2021	403,647	3 years	SR 39.25
September 10, 2020	341,675	3 years	SR 49.0

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

The total expense recognised for employees' services received during the period ended June 30, 2023, under the Plan amounted to SR 4.8 million (June 30, 2022: SR 4.9 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the condensed consolidated statement of changes in equity under the 'Other reserves'.

During the period ended June 30, 2023, the Group purchased 2,182,858 (June 30, 2022: 637,955) treasury shares amounting to SR 80 million (June 30, 2022: SR 21.4 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 June 30, 2023, the number of shares to be vested are 1,131,403 (December 31, 2022: 1,166,407), after net forfeiture of 213,782 shares (December 31, 2022: 186,946 shares) due to the non-completion of service condition of certain employees.

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**10. STATUTORY RESERVE**

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

**11. LOANS AND BORROWINGS**

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

	<b>June 30, 2023</b>	December 31, 2022
<b>Non-current liabilities</b>		
Secured bank loans	--	14,845
Unsecured bond issues (Sukuk) (note 11.2)	<b>1,000,000</b>	1,000,000
Unsecured bank loans	<b>2,745,102</b>	3,067,368
	<b>3,745,102</b>	4,082,213
<b>Current liabilities</b>		
Current portion of secured bank loans	<b>23,753</b>	29,691
Current portion of unsecured bank loans	<b>433,435</b>	415,886
Secured bank loan	<b>97,573</b>	141,873
Unsecured bank loans	<b>4,439,832</b>	3,263,214
Bank overdraft	<b>138,840</b>	211,719
	<b>5,133,433</b>	4,062,383
	<b>8,878,535</b>	8,144,596

11.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are mainly in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Moroccan Dirham, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at June 30, 2023, loans and borrowings include sharia-compliant financing facilities amounting to SR 8.4 billion (December 31, 2022: SR 7.2 billion).

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

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

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**11. LOANS AND BORROWINGS (continued)**

- 11.3 Property, plant and equipment amounting to SR 129.1 million (December 31, 2022: SR 147.5 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.
- 11.4 Inventories amounting to SR 56.1 million (December 31, 2022: SR 74.3 million) are pledged with foreign banks as collateral against the bank borrowing facilities of certain overseas subsidiaries.
- 11.5 As at June 30, 2023, the Group has unused bank financing facilities amounting to SR 4.8 billion (December 31, 2022: SR 6.9 billion) to manage short term and long term liquidity requirements.

**12. ZAKAT AND INCOME TAXES**

**(a) Zakat status**

The Zakat, Tax and Customs Authority ("ZATCA") conducted a field audit on the Company's accounts for the years 2005 to 2012 and claimed additional Zakat difference of SR 85.8 million. Subsequently, the assessment was agreed with the ZATCA Settlement Committee and the Company settled the liability with an amount of SR 10.2 million. Moreover, the years from 2013 to 2018 were also finalized based on the disclosure initiative. The group settled additional SR 5.4 million as per the amended returns. During the year 2020, the ZATCA issued a revised claim, for the previously finalized years from 2014 to 2018 claiming additional zakat difference of SR 59.5 million. The management had escalated the company's objection against the said claim to the level of General Secretariat of Tax Committees (GSTC). The GSTC issued the official decision showing a reduction of Zakat difference to SR 29.6 million. The management had transferred the case to the Appeal Committee and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these condensed consolidated interim financial statements. The ZATCA issued amended assessments for years 1999 and 2000 and claimed additional SR 1.9 million. The case was escalated to the Bureau of Grievances.

Certain subsidiaries in the foods processing sector have also received final or provisional zakat certificates until the year 2022. Accordingly, payment plans have been pursued as per the agreement with ZATCA and liabilities have been adjusted against the final settlement amounts. Moreover, the ZATCA issued an additional claim amounting to SR 51.8 million for another subsidiary for the years 2015 to 2018. The subsidiary has escalated an objection against the said claim to the level of General Secretariat of Tax Committees and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these condensed consolidated interim financial statements.

Also, the Group has pending appeals against additional claims and assessments of certain subsidiaries with total Zakat differences of SR 35.9 million (December 31, 2022: approximately SR 31 million).



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

**(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.

**13. CONTINGENCIES AND COMMITMENTS**

	<b>June 30, <u>2023</u></b>	<b>December 31, <u>2022</u></b>
	<b>Amounts in millions of <u>Saudi Riyals</u></b>	
Letters of credits	<b>19</b>	65
Bank guarantees	<b>68</b>	131
Commitments to buy raw sugar	<b>1,015</b>	175
Commitments to sell refined sugar	<b>839</b>	741
Capital commitments	<b>33</b>	38
	<b><u>Quantity in Metric tonnes</u></b>	
Commitments to buy raw sugar	<b>432,140</b>	96,550
Commitments to sell refined sugar	<b>309,411</b>	315,652

During 2022, certain overseas subsidiaries in food processing segment received preliminary aggregate claims from local regulatory authorities and commercial banks amounting to SR 410 million, that were subsequently reduced to SR 297.4 million, to affect a new pricing mechanism for edible oil products by replacing subsidized rate mechanism. In this connection, such subsidiaries, while contesting the claims, have made payments of SR 197 million and accrued a provision amounting to SR 11.7 million, based on the management's best estimate against possible outlays.

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**14. EARNINGS PER SHARE**

Basic earnings per share (EPS) for the six-month period ended June 30, 2023 and June 30, 2022, have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding amounting to 532.300 million (June 30, 2022: 532.797 million) during such periods.

Diluted earnings per share for the six-month period ended June 30, 2023, and June 30, 2022, have been computed by dividing the profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, amounting to 533.431 million (June 30, 2022: 533.424 million).

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

	<b>For the period ended June 30,</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>For Basic EPS calculation</u></b>		
Issued ordinary shares	<b>533,980,700</b>	533,980,700
Effect of treasury shares	<b>(1,681,000)</b>	(1,184,197)
Weighted average number of shares outstanding	<b><u>532,299,700</u></b>	<u>532,796,503</u>
<b><u>For Diluted EPS calculation</u></b>		
Weighted average number of shares outstanding for Basic EPS	<b>532,299,700</b>	532,796,503
Effect of dilutive potential ordinary shares	<b>1,131,403</b>	627,330
Weighted average number of shares outstanding	<b><u>533,431,103</u></b>	<u>533,423,833</u>

**15. RELATED PARTIES**

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

***Key management personnel compensation***

Compensation to the Group's key management personnel includes salaries, non-cash benefits, and post-employment benefits. The Group has recognised an expense of SR 16.6 million for the six-month period ended June 30, 2023 (June 30, 2022: SR 15.6 million).

Board of Directors' remuneration the six-month period ended June 30, 2023, amounting to SR 1.1 million (June 30, 2022: SR 1.1 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 1.5 million (June 30, 2022: SR 1.5 million) are charged to expenses and included under administrative expenses.

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**15. RELATED PARTIES (continued)**

***Other related party transactions***

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

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

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

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>June 30</u>	<u>June 30</u>	<u>June</u>	<u>December</u>
			<u>2023</u>	<u>2022</u>	<u>30, 2023</u>	<u>31, 2022</u>
<b><u>Due from related parties – Trade receivables</u></b>						
Almarai	Associate	Trade	<b>34,089</b>	28,220	<b>8,856</b>	7,770
Western Bakeries Company Limited	Affiliate	Trade	<b>40,661</b>	37,909	<b>10,164</b>	6,586
					<b>19,020</b>	14,356
<b><u>Due from related parties – Prepayments and other receivables</u></b>						
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Non-trade	<b>3,463</b>	3,752	--	2,249
Waste Collection & Recycling Company	Affiliate	Non-trade	<b>1,501</b>	7,203	<b>407</b>	1,070
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company	Affiliate	Non-trade	<b>1,532</b>	--	<b>26,521</b>	28,053
Zohoor Alreef	Affiliate	Non-trade	--	26	<b>360</b>	360
					<b>27,288</b>	31,732

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**15. RELATED PARTIES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>June 30</u>	<u>June 30</u>	<u>June</u>	<u>December</u>
			<u>2023</u>	<u>2022</u>	<u>30, 2023</u>	<u>31, 2022</u>
<b><u>Due to related parties – Trade payables</u></b>						
Almarai	Associate	Trade	<b>430,174</b>	383,320	<b>111,039</b>	116,378
Nestle Group	Affiliate	Trade	<b>148,495</b>	157,828	<b>25,849</b>	33,519
Mayar Food Company	Affiliate	Trade	<b>88,321</b>	64,312	<b>35,296</b>	45,272
Del Monte Saudi Arabia Limited	Affiliate	Trade	<b>8,122</b>	37,243	<b>1,771</b>	2,668
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	<b>6,072</b>	7,025	--	--
Al Manhal Water Factory Company Limited	Affiliate	Trade	<b>3,284</b>	4,051	<b>476</b>	1,153
Al Jazirah Dates & Food Factory	Affiliate	Trade	--	--	<b>49</b>	49
					<b>174,480</b>	199,039
<b><u>Due to related parties – Accrued and other liabilities</u></b>						
Kinan Arabian Centers Company	Associate	Non-trade	<b>9,333</b>	14,864	--	--
	Affiliate	Non-trade	<b>9,560</b>	15,229	--	--
Dur Hospitality Company	Affiliate	Non-trade	--	12,000	--	--
USCE	Associate	Non-trade	<b>199,129</b>	29,557	<b>216,846</b>	63,031
					<b>216,846</b>	63,031

**16. OPERATING SEGMENTS**

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

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

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

**Food services** - includes food products and fast food restaurants' chain operated by Herfy.

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**16. OPERATING SEGMENTS (continued)**

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

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

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

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:

<u>June 30, 2023</u>	<u>Reportable Segments</u>					<u>Others / Eliminations</u>	<u>Total</u>
	<u>Food Processing</u>	<u>Retail</u>	<u>Food services</u>	<u>Frozen Foods</u>	<u>Investments</u>		
External revenues	7,587,706	5,414,843	551,318	353,913	--	--	13,907,780
Inter segment revenue	207,714	886	12,028	22,001	15,645	(258,274)	--
<b>Segment revenue</b>	<b>7,795,420</b>	<b>5,415,729</b>	<b>563,346</b>	<b>375,914</b>	<b>15,645</b>	<b>(258,274)</b>	<b>13,907,780</b>
Cost of revenues	(6,544,751)	(4,171,768)	(437,244)	(244,734)	--	239,706	(11,158,791)
Segment net profit / (loss) before non-controlling interests	350,472	(36,797)	(8,280)	31,135	242,042	--	578,572
Segment net profit / (loss)	309,676	(36,797)	(8,280)	31,135	242,042	(12,998)	524,778
 Segment assets	 <b>10,174,618</b>	 <b>6,963,119</b>	 <b>1,952,125</b>	 <b>996,120</b>	 <b>13,916,220</b>	 <b>(4,289,888)</b>	 <b>29,712,314</b>
Segment liabilities	<b>7,928,165</b>	<b>6,770,684</b>	<b>936,192</b>	<b>716,450</b>	<b>5,503,919</b>	<b>(1,363,903)</b>	<b>20,491,507</b>

<u>June 30, 2022</u>	<u>Reportable Segments</u>					<u>Others / Eliminations</u>	<u>Total</u>
	<u>Food Processing</u>	<u>Retail</u>	<u>Food services</u>	<u>Frozen Foods</u>	<u>Investments</u>		
External revenues	8,214,301	5,233,754	604,135	325,466	--	--	14,377,656
Inter segment revenue	182,254	2,648	15,673	24,046	13,867	(238,488)	--
<b>Segment Revenue</b>	<b>8,396,555</b>	<b>5,236,402</b>	<b>619,808</b>	<b>349,512</b>	<b>13,867</b>	<b>(238,488)</b>	<b>14,377,656</b>
Cost of revenues	(7,286,735)	(4,077,544)	(471,830)	(232,433)	--	223,961	(11,844,581)
Segment net profit / (loss) before non-controlling interests	329,705	(106,966)	48,592	34,121	280,459	--	585,911
Segment net profit / (loss)	270,763	(106,966)	48,592	34,121	280,459	(42,325)	484,644
 <u>December 31, 2022</u>	 <u>10,516,497</u>	 <u>6,621,681</u>	 <u>1,994,500</u>	 <u>975,229</u>	 <u>13,266,875</u>	 <u>(3,810,134)</u>	 <u>29,564,648</u>
Segment assets	<b>8,092,843</b>	<b>6,389,886</b>	<b>937,947</b>	<b>726,694</b>	<b>4,804,881</b>	<b>(704,296)</b>	<b>20,247,955</b>
Segment liabilities							

**17. FINANCIAL RISK MANAGEMENT**

**a) Accounting classification and fair values**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Carrying amount				Fair Value			
	Mandatorily at FVTPL - others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
<b>June 30, 2023</b>								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	24,510	--	--	--	--	--	24,510	24,510
Future exchange contracts used for hedging	--	--	243,134	--	--	243,134	--	243,134
Other future exchange contracts	--	89,109	--	--	--	89,109	--	89,109
Equity securities (Note 7)	--	--	--	110,658	--	110,658	--	110,658
	<u>24,510</u>	<u>89,109</u>	<u>243,134</u>	<u>110,658</u>	<u>--</u>	<u>442,901</u>	<u>24,510</u>	<u>467,411</u>

*Financial liabilities  
measured at fair value*

Future exchange contracts used for hedging	--	--	143,830	--	--	143,830	--	143,830
Other future exchange contracts	--	22,588	--	--	--	22,588	--	22,588
Put option	--	195,377	--	--	--	--	195,377	195,377
	<u>--</u>	<u>217,965</u>	<u>143,830</u>	<u>--</u>	<u>--</u>	<u>166,418</u>	<u>195,377</u>	<u>361,795</u>

	Carrying amount				Fair Value			
	Mandatorily at FVTPL - others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
<b>December 31, 2022</b>								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	43,448	--	--	--	1,109	--	42,339	43,448
Future exchange contracts used for hedging	--	--	73,222	--	--	73,222	--	73,222
Call option	--	25	--	--	--	--	25	25
Equity securities (Note 7)	--	--	--	104,428	--	104,428	--	104,428
	<u>43,448</u>	<u>25</u>	<u>73,222</u>	<u>104,428</u>	<u>1,109</u>	<u>177,650</u>	<u>42,364</u>	<u>221,123</u>

*Financial liabilities  
measured at fair value*

Future exchange contracts used for hedging	--	--	116,701	--	--	116,701	--	116,701
Other future exchange contracts	--	53,459	--	--	--	53,459	--	53,459
Put option	--	186,274	--	--	--	--	186,274	186,274
	<u>--</u>	<u>239,733</u>	<u>116,701</u>	<u>--</u>	<u>--</u>	<u>170,160</u>	<u>186,274</u>	<u>356,434</u>

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

**b) Measurement of fair values**

**Valuation technique and significant unobservable inputs**

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

**Financial instruments measured at fair value**

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

**18. CAPITAL MANAGEMENT**

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a leverage ratio, which is calculated as total liabilities (as shown in the condensed consolidated statement of financial position) less cash and bank balances.



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**18. CAPITAL MANAGEMENT (continued)**

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

	<b>June 30, 2023</b>	December 31, 2022
Total liabilities	<b>20,491,507</b>	20,247,955
Less: Cash and bank balances	<b>(1,920,132)</b>	(1,435,552)
<b>Adjusted net debt</b>	<b>18,571,375</b>	18,812,403
Total equity	<b>9,220,807</b>	9,316,693
Hedging reserve	<b>(23,606)</b>	5,667
<b>Adjusted equity</b>	<b>9,197,201</b>	9,322,360
<b>Adjusted net debt to adjusted equity ratio</b>	<b>2.02</b>	2.02

**19. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS**

**a) Standards, interpretations, and amendments issued**

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

<b><u>Standards, amendments, interpretations</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 1, 2023.
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 1, 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 1, 2023.

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**19. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS**  
**(continued)**

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

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

<b><u>Standards, amendments, interpretations</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.  Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

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

**20. SUDAN OPERATIONS**

During April 2023, an armed conflict began in the Republic of Sudan. In this respect, the management has temporarily suspended production operations keeping in view the safety of its workforce and set-up a taskforce to closely monitor the situation and assess the impact on its operations. As of June 30, 2023, management believes that the possible impact is not material to the Group's operations.

**21. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Company's Board of Directors on August 8, 2023, corresponding to Muharram 21, 1445H.