ALMARAI COMPANY

A SAUDI JOINT STOCK COMPANY

THE CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

ALMARAI COMPANY

A SAUDI JOINT STOCK COMPANY

INDEX

KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Almarai Company (A Saudi Joint Stock Company)

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Independent Auditor's Report

To the Shareholders of Almarai Company (A Saudi Joint Stock Company) (continued)

<table>
<tr><th colspan="2">Carrying value of intangible asset - goodwill</th></tr>
<tr><td colspan="2">Refer to Note 5.10 for the accounting policy relating to goodwill and Note 10 for the related disclosures in the accompanying consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2023, the carrying value of goodwill amounted to SAR 940 million (2022: SAR 948.7 million). The goodwill relates to the acquisition of Western Bakeries Limited, Hail Agricultural Development Company, International Dairy and Juice Limited and Bakemart.

The management has performed the annual goodwill impairment assessment as at 31 December 2023. As the goodwill is allocated to the respective cash generating units ("CGU"), the impairment assessment was performed by comparing the carrying value of each CGU, including the goodwill, to its recoverable amount.

The recoverable amount of each identified CGU was determined based on Value-In-Use ("VIU") calculations. These calculations employ a discounted cashflow (DCF) model, by using cashflow projections based on financial budgets approved by the management covering a five-year period. The Group's VIU calculations for the CGUs includes significant judgement and assumptions relating to cashflow projections, and the discount rates, and is highly sensitive to the changes in these assumptions.

We considered impairment of goodwill as a key audit matter, as the estimation of future cash flows and the assumptions involved in calculating the discounted value of these cash flows involve judgement that impacts the determination of recoverable amount and consequently impacts the impairment assessment of goodwill.</td><td>We performed the following audit procedures in relation to the management's assessment of impairment of goodwill:

• Assessed the design and implementation, and tested the effectiveness of the Group's controls around goodwill impairment assessment process;

• Assessed the appropriateness of the Group's goodwill impairment assessment model against the requirements of IAS 36;

• Involved our specialists for assessing the reasonableness of the VIU calculations and the underlying assumption, including cash flow projections and discount rates used;

• Tested the accuracy and relevance of the input data used in the model by reference to supporting evidence, including approved budgets, and considered the reasonableness of these budgets by comparing the Group's historical results and performance against budgets;

• Performed sensitivity analysis over the key assumptions, principally sales growth rates and discount rates, to ascertain that any adverse reasonably possible changes to the key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount; and

• Assessed the adequacy of the disclosures in the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities.</td></tr>
</table>

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 Jumadal-Akhirah 1444H corresponding to 22 January 2023.

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 Accounting Standards that are 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 control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

To the Shareholders of Almarai Company (A Saudi Joint Stock Company) (continued)

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 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.
- 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 Almarai 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, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

To the Shareholders of Almarai Company (A Saudi Joint Stock Company) (continued)

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

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 period 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

Dr. Abdullah Hamad Al Fozan
License No.: 348

Riyadh on 21 January 2024
Corresponding to: 9 Rajab, 1445H

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December 2023	31 December 2022
		SAR '000	SAR '000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7	20,807,810	20,114,537
Long-Term Prepayments	8	525,153	552,415
Right-of-Use Assets	9	473,831	498,783
Intangible Assets and Goodwill	10	1,123,769	1,145,601
Biological Assets	11	1,741,819	1,564,899
Investments in Associate and Joint Venture	12	5,030	6,108
Derivative Financial Instruments	38	37,225	35,441
Deferred Tax Assets	24	24,307	29,674
		24,738,944	**23,947,458**
Current Assets			
Inventories	13	6,148,189	5,237,136
Biological Assets	11	135,044	122,812
Trade Receivables, Prepayments and Other Receivables	14	2,564,646	2,156,142
Derivative Financial Instruments	38	15,300	47,899
Equity Investment	12	-	15,607
Time Deposit	15	1,925,556	-
Cash and Cash Equivalents	16	666,336	546,916
		11,455,071	**8,126,512**
TOTAL ASSETS		**36,194,015**	**32,073,970**
EQUITY AND LIABILITIES			
Share Capital	17	10,000,000	10,000,000
Statutory Reserve		2,966,165	2,761,251
Treasury Shares	19	(614,766)	(866,602)
Other Reserves	20	(956,911)	(809,399)
Retained Earnings		6,403,231	5,586,110
Equity Attributable to Equity Holders of the Company		**17,797,719**	**16,671,360**
Non-Controlling Interests	21	11,106	311,505
TOTAL EQUITY		**17,808,825**	**16,982,865**
Non-Current Liabilities			
Loans and Borrowings	22	8,499,169	8,448,944
Lease Liabilities	9	369,113	391,738
Employee Retirement Benefits	23	1,225,730	1,056,581
Derivative Financial Instruments	38	12,382	19,901
Deferred Tax Liabilities	24	92,107	90,489
		10,198,501	**10,007,653**
Current Liabilities			
Bank Overdrafts	34	844	87,130
Loans and Borrowings	22	3,528,828	1,065,089
Lease Liabilities	9	81,079	75,092
Zakat Payable	25	249,659	168,596
Income Tax Payable	25	30,789	17,503
Trade and Other Payables	26	4,245,868	3,655,553
Derivative Financial Instruments	38	49,622	14,489
		8,186,689	**5,083,452**
TOTAL LIABILITIES		**18,385,190**	**15,091,105**
TOTAL EQUITY AND LIABILITIES		**36,194,015**	**32,073,970**

The accompanying notes 1 to 43 form an integral part of these Consolidated Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:

Danko Maras	Abdullah Albader	HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer
Chief Financial Officer	Chief Executive Officer	Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	For the Year ended 31 December 2023 SAR '000	31 December 2022 SAR '000
Revenue	33	19,575,585	18,722,258
Cost of Sales	27	(13,524,295)	(13,098,035)
Gross Profit		**6,051,290**	**5,624,223**
Selling and Distribution Expenses	28	(2,789,745)	(2,709,538)
General and Administration Expenses	29	(469,023)	(458,694)
Other Expenses, net	30	(64,461)	(153,356)
Impairment Loss on Financial Assets	14	(34,173)	(26,303)
Operating Profit		**2,693,888**	**2,276,332**
Finance Cost, net	31	(527,019)	(428,119)
Share of Results of Associate and Joint Venture	12	(1,064)	716
Profit before Zakat and Income Tax		**2,165,805**	**1,848,929**
Zakat	25	(85,101)	(62,600)
Income Tax	24,25	(29,175)	(8,191)
Profit for the Year		**2,051,529**	**1,778,138**
Profit for the year Attributable to:			
Shareholders of the Company		2,049,123	1,759,812
Non-Controlling Interests		2,406	18,326
		2,051,529	**1,778,138**
Earnings per Share (SAR), based on Profit for the Year Attributable to Shareholders of the Company			
- Basic	32	2.08	1.79
- Diluted	32	2.05	1.76

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Danko Maras	Abdullah Albader	HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer
Chief Financial Officer	Chief Executive Officer	Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	For the Year ended 31 December 2023 SAR '000	31 December 2022 SAR '000
Profit for the Year		2,051,529	1,778,138
Items that will not be reclassified to profit or loss:			
Actuarial Loss on Employee Retirement Benefits	23	(85,659)	(42,057)
Change in the Fair Value of Equity Investment through FVOCI		4,174	1,596
Items that are or may be reclassified subsequently to profit or loss:			
Settlement of Cash Flow Hedges Transferred to Inventory / PPE		(19,784)	(16,986)
Foreign Currency Translation Differences		(146,686)	(245,700)
Movement in Fair Value on Cash Flow Hedges		27,465	154,083
Settlement of Cash Flow Hedges Transferred to Profit or Loss		(66,110)	(45,120)
Other Comprehensive Loss for the Year, net of Income Tax		(286,600)	(194,184)
Total Comprehensive Income for the Year		**1,764,929**	**1,583,954**
Total Comprehensive Income / (Loss) for the Year Attributable to:			
Shareholders of the Company		1,799,986	1,685,361
Non-Controlling Interests		(35,057)	(101,407)
		1,764,929	**1,583,954**

The accompanying notes 1 to 43 form an integral part of these Consolidated Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer
Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital	Statutory Reserve	Treasury Shares	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
	SAR '000							
Balance at 1 January 2022	10,000,000	2,585,270	(875,157)	(622,389)	5,031,770	16,119,494	498,919	16,618,413
Profit for the Year	-	-	-	-	1,759,812	**1,759,812**	18,326	**1,778,138**
Other Comprehensive Loss for the Year	-	-	-	(32,394)	(42,057)	**(74,451)**	(119,733)	**(194,184)**
Total Comprehensive (Loss) / Income	-	-	-	(32,394)	1,717,755	**1,685,361**	(101,407)	**1,583,954**
Transfer during the Year	-	175,981	-	-	(175,981)	-	-	-
Directors' Remuneration	-	-	-	-	(4,865)	**(4,865)**	-	**(4,865)**
Transactions with Owners in their Capacity as Owners								
Dividend Declared SAR 1 per Share	-	-	-	-	(981,841)	**(981,841)**	-	**(981,841)**
Share Based Payment Transactions	-	-	-	12,274	-	**12,274**	-	**12,274**
Settlement of Treasury Shares	-	-	8,555	(2,281)	(728)	**5,546**	-	**5,546**
Purchase of Additional Stake in MFI	-	-	-	(164,609)	-	**(164,609)**	(85,391)	**(250,000)**
Transactions with Non-Controlling Interests	-	-	-	-	-	-	(616)	**(616)**
Balance at 31 December 2022	**10,000,000**	**2,761,251**	**(866,602)**	**(809,399)**	**5,586,110**	**16,671,360**	**311,505**	**16,982,865**

The accompanying notes 1 to 43 form an integral part of these Consolidated Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

HH Prince Naif Bin Sultan Bin
Mohammed Bin Saud Al Kabeer
Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital	Statutory Reserve	Treasury Shares	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
	SAR '000							
Balance at 1 January 2023	10,000,000	2,761,251	(866,602)	(809,399)	5,586,110	16,671,360	311,505	16,982,865
Profit for the Year	-	-	-	-	2,049,123	2,049,123	2,406	2,051,529
Other Comprehensive Loss for the Year	-	-	-	(163,478)	(85,659)	(249,137)	(37,463)	(286,600)
Total Comprehensive (Loss) / Income	-	-	-	(163,478)	1,963,464	1,799,986	(35,057)	1,764,929
Transfer during the Year	-	204,914	-	-	(204,914)	-	-	-
Directors' Remuneration	-	-	-	-	(4,994)	(4,994)	-	(4,994)
Transactions with Owners in their Capacity as Owners								
Dividend Declared SAR 1 per Share	-	-	-	-	(982,330)	(982,330)	-	(982,330)
Share Based Payment Transactions	-	-	-	30,820	-	30,820	-	30,820
Settlement of Treasury Shares	-	-	251,836	(24,415)	45,895	273,316	-	273,316
Purchase of Additional Stake in IDJ (Refer note 1)	-	-	-	9,561	-	9,561	(264,561)	(255,000)
Transactions with Non-Controlling Interests	-	-	-	-	-	-	(781)	(781)
Balance at 31 December 2023	10,000,000	2,966,165	(614,766)	(956,911)	6,403,231	17,797,719	11,106	17,808,825

The accompanying notes 1 to 43 form an integral part of these Consolidated Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer
Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	For the Year ended 31 December 2023 SAR '000	31 December 2022 SAR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Year		2,051,529	1,778,138
Adjustments for non-cash items:			
Depreciation of Property, Plant and Equipment	7	1,711,751	1,752,245
Amortisation of Long-term Prepayments	8	27,262	27,262
Depreciation of Right-of-Use Assets	9	110,900	105,557
Amortisation of Intangible Assets	10	37,395	47,385
Depreciation of Biological Assets	11	574,264	480,494
Loss / (Gain) arising from Changes in Fair Value less Cost to Sell of Crops		9,978	(26,540)
Provision for Employee Retirement Benefits	23	142,712	120,014
Provision for Inventories and Trade Receivables	13,14	86,382	154,411
Share Based Payment Expense		30,820	12,274
Finance Cost, net	31	527,019	428,119
Other Expenses, net	30	64,461	153,356
Share of Results of Associate and Joint Venture	12	1,064	(716)
Zakat	25	85,101	62,600
Income Tax	24,25	29,175	8,191
		5,489,813	5,102,790
Changes in Working Capital:			
Inventories		(1,063,947)	(1,065,169)
Biological Assets		(7,885)	(9,009)
Trade Receivables, Prepayments and Other Receivables		(458,951)	(218,589)
Trade and Other Payables		591,073	412,638
Cash Used in Working Capital		(939,710)	(880,129)
Employee Retirement Benefits Paid	23	(59,222)	(62,090)
Zakat and Income Tax Paid	25	(8,255)	(330,922)
Net Cash Generated from Operating Activities		**4,482,626**	**3,829,649**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Time Deposit		(1,876,250)	-
Acquisition of Subsidiary, net of Cash Acquired		-	(68,595)
Proceeds from Sale of Equity Investment	12	19,781	32,883
Additions to Property, Plant and Equipment		(2,505,890)	(1,300,535)
Proceeds from the Disposal of Property, Plant and Equipment		73,741	43,894
Additions to Intangible Assets	10	(24,517)	(33,339)
Additions to Biological Assets		(1,095,263)	(889,409)
Proceeds from the Disposal of Biological Assets		228,358	227,521
Net Cash Used in Investing Activities		**(5,180,040)**	**(1,987,580)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans and Borrowings		16,099,196	16,232,882
Repayment of Loans and Borrowings		(13,634,845)	(16,311,883)
Purchase of Additional Stake in a Subsidiary	1	(255,000)	(250,000)
Finance Cost Paid		(559,199)	(431,810)
Dividend Paid	40	(980,576)	(979,566)
Settlement of Treasury Shares		273,316	5,546
Principal Element of Lease Payments		(100,764)	(107,318)
Interest Element of Lease Payments		(15,208)	(13,506)
Directors' Remuneration		(4,994)	(4,865)
Transactions with Non-Controlling Interests		(781)	(616)
Net Cash From / (Used in) Financing Activities		**821,145**	**(1,861,136)**
Net Change in Cash and Cash Equivalents		**123,731**	**(19,067)**
Cash and Cash Equivalents at 1 January		546,916	580,913
Effect of Movements in Exchange Rates on Cash and Cash Equivalents		(4,311)	(14,930)
Cash and Cash Equivalents at 31 December	16	**666,336**	**546,916**

The accompanying notes 1 to 43 form an integral part of these Consolidated Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders and signed on its behalf by:

Danko Maras	Abdullah Albader	HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer
Chief Financial Officer	Chief Executive Officer	Chairman

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

Almarai Company (the "Company") is a Saudi Joint Stock Company, which was converted from a limited liability company to a joint stock company on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dul Hijjah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223. Prior to the consolidation of activities in 1991, the core business was trading between 1977 and 1991 under the Almarai brand name.

The Company's Head Office is located at Exit 7, North Ring Road, Al Izdihar District, P.O. Box 8524, Riyadh 11492, Kingdom of Saudi Arabia ("Saudi Arabia").

The Company and its subsidiaries (together, the "Group") are a major integrated consumer food and beverage Group in the Middle East with leading market share in Saudi Arabia. It also operates in Egypt, Jordan and other Gulf Cooperation Council ("GCC") countries.

Dairy, fruit juices and related food business is operated under the "Almarai", "Beyti" and "Teeba" brand names. All raw milk production, dairy and fruit juice product processing and related food product manufacturing activities are undertaken in Saudi Arabia, United Arab Emirates ("UAE"), Egypt and Jordan.

Dairy, Fruit Juices and related food business in Egypt and Jordan operates through a fully owned subsidiary International Dairy and Juice Limited ("IDJ"). The Group manages IDJ operations through the following key subsidiaries:

Jordan	- Teeba Investment for Developed Food Processing
Egypt	- International Company for Agricultural Industries Projects (Beyti) (SAE)

Bakery products are manufactured and traded by Western Bakeries Company Limited and Modern Food Industries Company Limited, under the brand names "L'usine" and "7 Days", respectively.

Poultry products are manufactured and traded by Hail Agricultural Development Company under the "Alyoum" and "AlBashayer" brand names.

Seafood products are traded under the "Seama" brand name.

Infant Nutrition products are manufactured by Almarai Baby Food Company Limited and traded by International Pediatric Nutrition Company under "Nuralac" and "Evolac" brand names.

In territories where the Group has operations, final consumer packed products are distributed from manufacturing facilities to local distribution centres by the Group's long haul distribution fleet. The distribution centres in GCC countries are managed through subsidiaries in UAE, Sultanate of Oman ("Oman") and Kingdom of Bahrain ("Bahrain") and an agency agreements in Kuwait and Qatar as follows:

UAE	- Almarai Emirates Company LLC
Oman	- Arabian Planets for Trading and Marketing LLC
Bahrain	- Almarai Company Bahrain W.L.L.
Kuwait	- Al Kharafi Brothers Dairy Products Company Limited
Qatar	- Khalid for Foodstuff and Trading Company

In other territories, where permissible by law, export sales are made through other subsidiaries.

The Group owns and operates arable farms in Argentina and United States of America ("USA"), collectively referred to as "Fondomonte", through the following key subsidiaries:

Argentina	- Fondomonte South America S.A
USA	- Fondomonte Holdings North America LLC

The Group's non-GCC business operations under IDJ and Fondomonte are managed through Almarai Investment Holding Company W.L.L., a company incorporated in Bahrain.

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued…)

The Group owns 93.5% shareholding in Pure Breed Poultry Company Limited whose main operations are focused on poultry grandparent farming.

The Group owns 100% shareholding in Premier Foods Industries Company LLC ("Premier Foods") in Saudi Arabia. Premier Foods is primarily engaged in providing value added products (meat and poultry) to the food services industry in the Middle East.

The Group owns 100% shareholding in Bakemart FZ L.L.C and Bakemart L.L.C, based in UAE and Bakemart W.L.L based in Bahrain (collectively "Bakemart"). Bakemart is primarily engaged in frozen bakery business in UAE and Bahrain.

a) Purchase of Additional Stake in a Subsidairy:

On 26 Rajab 1444 A.H. (17 February 2023), the Group acquired the remaining share of 48% in IDJ, owned by PepsiCo, for a total consideration of SAR 255 million paid in cash, resulting in an increase in its shareholding from 52% to 100%. Immediately prior to the purchase, the carrying amount of the existing 48% non-controlling interest ('NCI') owned by PepsiCo was SAR 264.6 million. The purchase was accounted for as an equity transaction with owners with no impact on the consolidated statement of profit or loss account for the period ended 31 December 2023. The difference of SAR 9.6 million between the carrying value of NCI and consideration paid was recorded under equity as part of other reserves.

b) Climate change:

The Group is subject to short-term and long-term climate change related risks. These risks are inherent part of operating a food industry. Almarai continually works to reduce the environmental footprint of the business, in part, due to the inherent risks.

Greenhouse gas emissions associated with fuel and electricity consumption have an impact not only on the environment but also on Almarai's financial bottom line. Climate change also creates risks for agricultural production through droughts, pests, diseases, etc. that pose challenges for sustaining and increasing production levels.

The Group has developed a sustainability strategy, outlining how it will improve its energy performance through efficient energy consumption and generation from sustainable sources. The strategy focuses on solar power generation, water and energy efficiency, sustainable arable farming practices, landfill waste reduction, commitment to 100% chlorofluorocarbon-free cold storage at its sales depot, and fuel efficiency measures including trailing alternative fuel vehicles.

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued…)

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Effective Ownership Interest		Share Capital	Number of Shares Issued
			2023	2022		
Almarai Investment Company Limited	Saudi Arabia	Holding Company	100%	100%	SAR 1,000,000	1,000
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing Company	100%	100%	SAR 200,000,000	200,000
Almarai Construction Company Limited	Saudi Arabia	Dormant	100%	100%	SAR 1,000,000	1,000
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Dormant	52%	52%	SAR 25,000,000	250
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company	100%	100%	SAR 300,000,000	30,000,000
International Baking Services Company Limited	Saudi Arabia	Trading Company	100%	100%	SAR 500,000	500
International Pediatric Nutrition Company Limited	Saudi Arabia	Trading Company	100%	100%	SAR 41,000,000	410,000
Modern Food Industries Company Limited	Saudi Arabia	Bakery Company	100%	100%	SAR 70,000,000	70,000
Western Bakeries Company Limited	Saudi Arabia	Bakery Company	100%	100%	SAR 200,000,000	200,000
Pure Breed Poultry Company Limited	Saudi Arabia	Poultry Company	94%	94%	SAR 46,500,000	465,000
Premier Food Industries Company L.L.C	Saudi Arabia	Manufacturing and Trading Company	100%	100%	SAR 500,000	50,000
Artas United Limited Company	Saudi Arabia	Transportation and Storage Company	100%	100%	SAR 10,000	100
Almarai for Meat LLC	Saudi Arabia	Meat Company	100%	100%	SAR 1,000,000	100,000

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued…)

Name of Subsidiary	Country of Incorporation	Business Activity	Effective Ownership Interest		Share Capital	Number of Shares Issued
			2023	2022		
Agro Terra S.A.	Argentina	Dormant	100%	100%	ARS 5,097,984	5,097,984
Fondomonte South America S.A.	Argentina	Agricultural Company	100%	100%	ARS 8,550,769,408	8,550,769,408
Almarai Company Bahrain W.L.L.	Bahrain	Trading Company	100%	100%	BHD 100,000	1,000
Almarai Investment Holding Company W.L.L.	Bahrain	Holding Company	100%	100%	BHD 34,450,000	344,500
Bakemart W.L.L.	Bahrain	Manufacturing and Trading Company	100%	100%	BHD 30,000	600
IDJ Bahrain Holding Company W.L.L.	Bahrain	Holding Company	100%	52%	BHD 250,000	2,500
International Dairy and Juice Limited	Bermuda	Holding Company	100%	52%	USD 7,583,334	7,583,334
International Dairy and Juice (Egypt) Limited	Egypt	Holding Company	100%	52%	EGP 3,233,750,000	323,375,000
International Company for Agricultural Industries Projects (Beyti) (SAE)	Egypt	Manufacturing and Trading Company	100%	52%	EGP 4,049,666,670	404,966,667
Beyti For Importation and Exportation Company L.L.C.	Egypt	Trading Company	100%	52%	EGP 2,000,000	2,000
BDC Info Private Limited	India	Operations Management	100%	100%	INR 2,750,680	275,068
Markley Holdings Limited	Jersey	Dormant	100%	100%	GBP 5,769,822	5,769,822
Al Muthedoon for Dairy Production	Jordan	Dormant	100%	52%	JOD 500,000	500,000
Al Atheer Agricultural Company	Jordan	Dormant	100%	52%	JOD 750,000	750,000

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued...)

Name of Subsidiary	Country of Incorporation	Business Activity	Effective Ownership Interest		Share Capital	Number of Shares Issued
			2023	2022		
Al Namouthjya for Plastic Production	Jordan	Dormant	100%	52%	JOD 250,000	250,000
Al Rawabi for juice and UHT milk Manufacturing	Jordan	Manufacturing Company	100%	52%	JOD 500,000	500,000
Teeba Investment for Developed Food Processing	Jordan	Manufacturing Company	100%	52%	JOD 21,935,363	21,935,363
Arabian Planets for Trading and Marketing L.L.C.	Oman	Trading Company	70%	70%	OMR 150,000	150,000
Alyoum for Food Products Company L.L.C.	Oman	Dormant	100%	100%	OMR 20,000	20,000
Fondomonte Inversiones S.L.	Spain	Holding Company	100%	100%	EUR 145,321,967	145,321,967
Hail Development Company Limited	Sudan	Dormant	100%	100%	SDG 100,000	100
Almarai Emirates Company L.L.C.	UAE	Trading Company	100%	100%	AED 300,000	300
BDC international L.L.C.	UAE	Operations Management	100%	100%	AED 200,000	200
Almarai Company Drinks Manufacturing LLC	UAE	Manufacturing Company	100%	100%	AED 250,000 (Unpaid)	100
Bakemart L.L.C	UAE	Manufacturing and Trading Company	100%	100%	AED 300,000	300
Bakemart FZ L.L.C	UAE	Manufacturing and Trading Company	100%	100%	AED 300,000	300
Fondomonte Holding North America L.L.C.	USA	Holding Company	100%	100%	USD 500,000	50,000
Fondomonte Arizona L.L.C.	USA	Agricultural Company	100%	100%	USD 500,000	50,000
Fondomonte California L.L.C.	USA	Agricultural Company	100%	100%	-	-
Hayday Farm Operation L.L.C.	USA	Agricultural Company	100%	100%	-	-

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards 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") (here and after refer to as "IFRS as endorsed in Saudi Arabia").

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its bylaws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of bylaws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

2.2 Preparation of the Consolidated Financial Statements

These Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the Consolidated Statement of Financial Position:

- Derivative financial instruments are measured at fair value.
- Equity Investment at Fair Value through Other Comprehensive Income ("FVOCI") is measured at fair value.
- The employee retirement benefit is recognised at the present value of future obligations using the Projected Unit Credit Method.
- Biological Assets, where fair value is reliably measurable, have been measured at fair value. (Refer note 6.1)

3. BASIS OF CONSOLIDATION

These Consolidated Financial Statements comprising the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non – Controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the Consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the Consolidated Statement of Profit or Loss. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These Consolidated Financial Statements are presented in SAR, which is the Company's functional and the Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

5. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in the these consolidated financial statements, except if mentioned otherwise.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

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

5.1. New Standards, Amendment to Standards and Interpretations:

The Group has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

5.1.1. Amendments to 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.

5.1.2. 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.

5.2. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. These amendmnets are not expected to have significant impact in the Group's Consildated Financial Statements.

5.2.1. Amendments to IFRS 16 – Leases on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

5.2.2. Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

5.2.3. Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

5.2.4. Amendents to IAS 27 – Lack of exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

5.2.5. IFRS S1, 'General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

5.2.6. IFRS S2, 'Climate-related disclosures'

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

5.3. Cash and Cash Equivalents

Cash and cash equivalents include bank balances, cheques in hand and deposits with original maturities of three months or less, if any.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.4. Time Deposits

Time Deposits include placements with banks and other short-term highly liquid investments, with original maturities of more than three months but not more than one year from the date of placement. Time deposits are placed with financial institutions with investment grade rating which are considered to have low credit risk.

Investment income in time deposits is accrued on a timely basis by reference to the principal outstanding and at the applicable effective interest rate.

5.5. Property, Plant and Equipment

Property, Plant and Equipment, including bearer plants, are measured at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of expenditure that is directly attributable to the acquisition of the asset. Cost includes the reclassifications from equity of any gains or losses on qualifying cash flow hedges relating to purchases of Property, Plant and Equipment. Cost also includes expenditures that are directly attributable to the acquisition / growing of the plant till its maturity. Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the Consolidated Statement of Profit or Loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably.

The cost less estimated residual value is depreciated on a straight-line basis over the following estimated useful lives of the assets where depreciation is charged based on the expected use:

Buildings	5 – 40 years
Plant, Machinery and Equipment	2 – 20 years
Motor Vehicles	6 – 10 years
Bearer Plants	2 – 40 years

Land, Capital Work in Progress and Immature plants are not depreciated.

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

5.6. Inventories

Inventories are measured at the lower of cost or net realisable value ("NRV"). Cost is determined using the weighted average method. Cost comprises all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Cost includes the reclassifications from equity of any gains or losses on qualifying cash flow hedges relating to purchases of inventories. NRV comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Cost of inventories is recognized as an expense and included in cost of sales.

Agriculture produce harvested from biological assets are measured at fair value less cost to sell at the point of harvest.

Spares are valued at lower of cost or NRV. Cost is determined on the weighted average cost basis.

5.7. Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.7. Investments in Associates and Joint Venture (Continued…)

When the Group's share of losses of an associate exceeds the Group's interest in that an associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of associate's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the Consolidated Statement of Profit or Loss in the period in which the investment is acquired.

When a Group entity transacts with an associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's Consolidated Financial Statements only to the extent of interests in the associate that are not related to the Group.

5.8. Right-of-Use Assets and Lease Liabilities

The Group recognises new assets and liabilities for its leases of various types of contracts including warehouse and depot facilities, accommodation/office rental premises, commercial vehicles etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations, significant leasehold improvements over the term of the lease that have significant economic benefit to the Group's operation, the importance of the leased asset to the Group's operation and whether alternatives are available for the Group and business disruption required to replace the leased asset.

5.9. Biological Assets

Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably.

Where fair value cannot be measured reliably biological assets are stated at cost of purchase or cost of rearing or growing to the point of commercial production (termed as biological assets appreciation), less accumulated depreciation and accumulated impairment loss, if any. The costs of immature biological assets are determined by the cost of rearing or growing to their respective age. Immature biological assets are not depreciated. Biological assets are depreciated on a straight-line basis to their estimated residual values over periods as summarised below:

Dairy Herd	4 Lactation cycles
Breeder Birds – After Maturity	36 weeks (laying period)

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.10. Intangible Assets and Goodwill

Intangible Assets

Intangible assets other than goodwill are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful lives of 3- 15 years.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGU (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit (Also see note 5.15.2). Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.11. Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

5.12. Zakat and Income Tax

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final zakat and income tax assessments are recorded in the period in which such assessments are made.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

5.13. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference and unused tax losses arises from the initial recognition

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.13. Deferred Tax (Continued…)

(other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint venture. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5.14. Financial Instruments

5.14.1. Non-Derivative Financial Instruments

a) Non-Derivative Financial Assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). For Investments designated as FVOCI and for which management has an intention to sell such investments within a period of 12 months from the financial year end, are classified under current assets.

The Group initially recognises financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets;

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.14. Financial Instruments (Continued…)

5.14.1. Non-Derivative Financial Instruments (Continued…)

Financial Assets at Amortised Cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the Consolidated Statement of Profit or Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial Assets at FVOCI

The Group has elected to recognise changes in the fair value of investments in equity shares in OCI. These changes are accumulated within the 'other reserve' classified under equity. The Group may transfer this amount from other reserve to retained earnings when the relevant shares are derecognised.

Dividends from such investments continue to be recognised in the Consolidated Statement of Profit or Loss as other income when the Group's right to receive payments is established. Accumulated gains and losses on these financial assets are never recycled to the Consolidated Statement of Profit or Loss.

b) Non-Derivative Financial Liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Group comprise of bank borrowings and trade and other payables.

5.14.2. Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments including forward foreign exchange contracts, commission rate swaps and commodity derivatives are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Any related transaction costs are recognised in the Consolidated Statement of Profit or Loss as incurred. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

Subsequent to initial recognition, any change in fair value is recognized on the basis of hedge accounting.

The Group designates its derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate, foreign currency, and commodity price risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risk, the Group applies hedge accounting for transactions that meet specific criteria.

In order to qualify for hedge accounting, the hedge should be expected to be highly effective i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objective and strategy is documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.14. Financial Instruments (Continued…)

5.14.2. Derivative Financial Instruments and Hedge Accounting (Continued…)

basis. Prospective testing is performed mainly through matching the critical terms of both hedge item and instrument.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the Consolidated Statement of Other Comprehensive Income and accumulated in the hedging reserve shown within other reserves under equity. The ineffective portion, if material, is recognized in the Consolidated Statement of Profit or Loss, within other gains/(losses). In hedges of foreign currency contracts, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty. In hedges of interest rate swaps, ineffectiveness may arise if the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan. In hedges of commodity purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated; and changes in the credit risk of the Group or the derivative counterparty.

The amount accumulated in equity is reclassified to the Consolidated Statement of Profit or Loss in the period during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to the Consolidated Statement of Profit or Loss.

The fair values of derivative financial instruments designated in hedge relationships, in shareholders' equity are disclosed in note 38. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

5.15. Impairment

5.15.1. Non-Derivative Financial Assets

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI.

For accounts receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Other financial assets such as employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

5.15.2. Impairment of Non-Financial Assets

Non-financial assets (other than biological assets measured at fair value, inventories and deferred tax assets) are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any).

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.15. Impairment (Continued…)

5.15.2. Impairment of Non-Financial Assets (Continued…)

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss.

5.16. Employee Retirement Benefits

Employee Retirement benefits are payable to all employees employed under the terms and conditions of the Labor Laws applicable on the Company and its subsidiaries, on termination of their employment contracts.

The Group’s obligation in respect of employee retirement benefits is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

Group sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Group's actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of employee retirement benefit liability is performed by a qualified actuary using the projected unit credit method.

Re-measurement of employee retirement benefit liability, which comprise of actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income. The Group determines interest expense on the employee retirement benefit liability for the period by applying the discount rate used to measure the employee retirement benefit liability at the beginning of the annual period, taking into account any change in the net employee retirement benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to employee retirement benefits are recognised in the Consolidated Statement of Profit or Loss.

5.17. Statutory Reserve

In accordance with Company’s by-laws, the Company is required to recognise a reserve comprising of 10% of its profit for the year until such reserve equals 30% of its share capital.

5.18. Treasury Shares

Own equity instruments that are reacquired (treasury shares), for discharging obligations under Employee Equity Participation Programmes (“EEPP”), are recognised at cost and presented as a deduction from equity and are adjusted for any transaction costs, dividends and gains or losses on sale of such shares. No gain or loss is recognised in the Consolidated Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in retained earnings.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.19. Share Based Payment Transactions

Certain employees of the Group receive remuneration in the form of equity settled share-based payments under the EEPP, whereby employees render services as consideration for the equity instruments (options or shares) granted under EEPP as disclosed in note 18.

The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense in the Consolidated Statement of Profit or Loss, together with a corresponding increase in other reserves, in equity, over the period during which the vesting conditions are fulfilled. The Other Reserves (representing the cumulative expense arising from ESOP) is transferred into Retained Earnings upon expiry of the EEPP, whether or not the equity instruments vest to the employees.

The cumulative expense recognised for EEPP at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

When the terms of the EEPP are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of the modification.

When the EEPP is terminated, it is treated as if the equity instruments vested on the date of termination, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new EEPP is substituted for the terminated ESOP and designated as a replacement award on the date that it is granted, the terminated and new EEPP are treated as if they were a modification of the original EEPP, as described in the previous paragraph.

5.20. Conversion of Foreign Currency Transactions

Foreign currency transactions are initially recognised by the Group's entities at their respective functional currencies' spot rate at transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are converted into SAR at the exchange rates ruling on such date or at the forward purchase rates if so covered. Any resulting exchange differences are charged or credited to the Consolidated Statement of Profit or Loss as appropriate.

As at the reporting date, the assets and liabilities of the foreign subsidiaries are translated into SAR, at the rate of exchange ruling at the Consolidated Statement of Financial Position date and their Consolidated Statement of Profit or Loss are translated at the weighted average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through Consolidated Statement of Other Comprehensive Income as a separate component of equity.

5.21. Revenue Recognition

The Group generates revenue from a number of product lines, these include:

- Dairy and Juice
- Bakery
- Poultry
- Other activities (Arable, Horticulture, Infant Nutrition, Seafood products and Food Services)

Revenue is recognised when there is a contract with a customer for the transfer of dairy and other related products across various product categories and geographical regions.

Revenue is recognised in the Consolidated Statement of Profit or Loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when control of the products has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The transfer of control to customers takes place according to trade agreement terms.

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns, trade discounts and volume rebates.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

5.21. Revenue Recognition (Continued…)

Products are sold principally on a sale or return basis. Allowances for expected sales returns are calculated based on the forecasted return of expired products based on historical experience. Expected sales returns are netted off against revenue with the corresponding impact in 'trade and other payables' for cash sales and 'trade receivables' for credit sales.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The related liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made during the year.

5.22. Government Grants

The Group receives government grants on import of feeds for its biological assets and on poultry production. Government grants are initially recognized within other liabilities at fair value when there is reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant.

Government grants are recognized in the Consolidated Statement of Profit or Loss on a systematic basis over the periods in which the Group recognizes as expenses the related inventories against which the grants are intended to compensate.

5.23. Selling, Distribution, General and Administration Expenses

Selling, Distribution, General and Administration Expenses include direct and indirect costs not specifically part of Cost of Sales. Allocations between Cost of Sales and Selling, Distribution, General and Administration Expenses, when required, are made on a consistent basis.

5.24. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Consolidated Statement of Profit or Loss over the period of the borrowings using the effective interest method. Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than 12 months.

5.25. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time, that is more than one year, to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Consolidated Statement of Profit or Loss in the period in which they are incurred.

5.26. Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's relevant Business Heads' (Chief Operating Decision Makers) which in the Group's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

5. MATERIAL ACCOUNTING POLICIES (Continued…)

Segment results that are reported to the Group's relevant Business Heads include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments are analysed and aggregated based on the nature of products and uniformity in the production processes.

6. USE OF JUDGEMENTS AND ESTIMATES

The preparation of these Consolidated Financial Statements, in conformity with IFRS as endorsed in the Saudi Arabia, requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the Consolidated Statement of Financial Position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

6.1. Judgement

Information about the judgement made in applying the Group's accounting policy on biological assets with respect to dairy herd and poultry flock is given below;

The Group's dairy herd comprises both immature and mature livestock. Immature livestock comprises dairy cows that are intended to be reared to maturity. These cows are held to produce milk or offspring but have not yet produced their first calf and begun milk production. Costs incurred in rearing immature livestock are capitalised to the Consolidated Statement of Financial Position. The directly attributable costs in bringing the asset to the location and condition necessary to be capable of operation include various components including but not limited to birth related charges, feed cost and labour charges. Mature livestock includes dairy cows that have produced their first calf and begun milk production. Costs incurred in relation to mature livestock are recognised in the Consolidated Statement of Profit or Loss immediately as an expense.

IAS 41 "Agriculture" requires measurement at fair value less costs to sell from initial recognition of such biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. Management has concluded as follows on the fair value measurement hierarchies in the context of dairy herd valuation:

Level 1 - there is no active market for dairy cows in Saudi Arabia and therefore a level 1 valuation is not possible.

Level 2 - there is no observable market data available and due to the significant differences in location, environment, associated costs, average yields, majority of distribution within Saudi Arabia and distance to active markets means that a level 2 valuation is not possible.

Level 3 -

(i) Discounted cash flow ("DCF") techniques (income or market approach) - the lack of a relevant active markets for unpasteurized milk & other intermediate product requires that any valuation technique would use overall revenue as a basis for any valuation and then eliminate costs and associated profit margin relating to pasteurization, manufacturing, packaging and sales and distribution so as to determine the net indirect cash inflows. Further, given the wide range of product portfolio & customer channels in the Group's dairy businesses, varied profit margins across the product & channel mix would also need to be considered while applying any valuation technique. Management considers that any fair value so derived would be clearly unreliable as the costs of the biological assets' operation are a relatively small part of the Group's overall activities and any imputed cash flows derived from such a valuation approach would be overly dependent on a large number of assumptions, many of which could not be derived from, or compared to, market assumptions or observed data.

6. USE OF JUDGEMENTS AND ESTIMATES (Continued…)

(ii) Cost or current replacement cost – management considers that any replacement cost approach would need to incorporate the cost of replacing existing dairy herd of same nature and size. As discussed above, level 1 and 2 valuations for dairy herd are not possible. As the dairy herd are currently accounted for at cost less accumulated depreciation and impairment losses, management believes that any depreciated replacement cost of existing nature and size (could it be so determined) would not be less than the current carrying value of the dairy herd.

Poultry flock includes Breeder Birds, Eggs and Broiler Birds. Breeder Birds are held for the purpose of laying eggs which are ultimately hatched into Broiler Birds. The Group considers that the fair value of its poultry flock approximates the cost of rearing or growth of its poultry flock to the point of commercial production due to their short period of life. The aforementioned costs include purchase cost of day old chick, feeding costs, labor costs, veterinary costs and other overhead costs. Cost incurred in respect of breeder birds subsequent to the beginning of their productive cycle are expensed in the income statement.

6.2. Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments to the carrying amount of assets and liabilities are included below;

a) **Goodwill - Annual impairment testing of goodwill:** Goodwill impairment tests are performed for the group of cash-generating units ("CGU") to which goodwill is allocated. The group of CGU is defined based on certain acquisitions and CGU's arising from those acquisitions. The structure and groups of CGU are assessed on an annual basis. The impairment test of goodwill is performed at least annually for each group of CGUs to which goodwill is allocated. To determine the value in use, the discounted cash flow models are used.

   The most important parameters in the impairment test include assumptions related to sales growth rate and pre-tax discount rates. Also refer to note 10 for sensitivity related to these assumptions for the respective CGU.

b) **Expected future free cash flows:** The projected free cash flows are based on current forecasts and targets set for five year period. These are determined at CGU level in the forecast and target planning process as well as based on external sources of information and industry-relevant observations such as macroeconomic indicators and market conditions. All applied assumptions are challenged through the forecast and target planning process based on management's best estimates and expectations, which are judgmental by nature. They include expectations regarding revenue growth, Earnings Before Interest and Tax ("EBIT") margins and capital expenditure.

c) **Measurement of employee retirement benefits liability - key actuarial assumptions:** Estimates are applied when setting actuarial assumptions such as the discount rate, expected future salary increases, inflation and mortality. The actuarial assumptions vary from country to country, based on national economic and social conditions. They are set using available market data and compared with benchmarks to ensure consistency on an annual basis (Refer note 23 for sensitivity related to employee retirement benefits liability).

d) **Dairy herd** - Average lactation cycle – Refer note 30.1

e) **Trade Receivables** - Allowance for impairment of trade receivables – Refer note 14.

7. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant, Machinery and Equipment	Motor Vehicles	Capital Work-in-Progress*	Bearer Plant		Total
					Mature Plantations	Immature Plantations	
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost							
At 1 January 2023	15,119,036	16,276,320	2,917,627	1,266,455	95,525	16,140	35,691,103
Additions during the Year	-	-	-	2,528,453	-	25,595	2,554,048
Transfers during the Year	426,166	780,678	348,859	(1,555,703)	32,772	(32,772)	-
Disposals during the Year	(12,956)	(204,698)	(146,118)	-	(40,102)	-	(403,874)
Currency Translation Difference	(37,116)	(110,903)	(6,761)	(1,745)	(136)	(42)	(156,703)
At 31 December 2023	**15,495,130**	**16,741,397**	**3,113,607**	**2,237,460**	**88,059**	**8,921**	**37,684,574**
Accumulated Depreciation							
At 1 January 2023	3,796,757	9,958,452	1,778,225	-	43,132	-	15,576,566
Depreciation for the Year	450,050	1,032,390	195,968	-	33,343	-	1,711,751
Disposals during the Year	(12,309)	(185,235)	(119,714)	-	(40,102)	-	(357,360)
Currency Translation Difference	(8,310)	(40,713)	(5,109)	-	(61)	-	(54,193)
At 31 December 2023	**4,226,188**	**10,764,894**	**1,849,370**	**-**	**36,312**	**-**	**16,876,764**
Net Book Value							
At 31 December 2023	**11,268,942**	**5,976,503**	**1,264,237**	**2,237,460**	**51,747**	**8,921**	**20,807,810**

*Capital work-in-progress as at 31 December 2023 primarily represents cost incurred on updates of existing production facilities including poultry business expansion, distribution facilities and depot development.

7. PROPERTY, PLANT AND EQUIPMENT (Continued...)

	Land and Buildings	Plant, Machinery and Equipment	Motor Vehicles	Capital Work-in-Progress*	Bearer Plant		Total
					Mature Plantations	Immature Plantations	
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost							
At 1 January 2022	14,777,217	16,224,196	2,909,986	1,103,669	59,276	21,123	35,095,467
On Acquisition of Subsidiary	16,417	31,748	4,770	-	-	-	52,935
Additions during the Year	-	-	-	1,285,882	-	34,352	1,320,234
Transfers during the Year	427,913	486,411	203,406	(1,117,730)	39,348	(39,348)	-
Disposals during the Year	(7,730)	(159,321)	(183,316)	-	(3,168)	-	(353,535)
Currency Translation Difference	(94,781)	(306,714)	(17,219)	(5,366)	69	13	(423,998)
At 31 December 2022	**15,119,036**	**16,276,320**	**2,917,627**	**1,266,455**	**95,525**	**16,140**	**35,691,103**
Accumulated Depreciation							
At 1 January 2022	3,394,971	9,066,680	1,746,558	-	13,810	-	14,222,019
On Acquisition of Subsidiary	15,626	25,437	4,116	-	-	-	45,179
Depreciation for the Year	410,857	1,117,670	191,261	-	32,457	-	1,752,245
Disposals during the Year	(5,356)	(147,441)	(151,094)	-	(3,168)	-	(307,059)
Currency Translation Difference	(19,341)	(103,894)	(12,616)	-	33	-	(135,818)
At 31 December 2022	**3,796,757**	**9,958,452**	**1,778,225**	**-**	**43,132**	**-**	**15,576,566**
Net Book Value							
At 31 December 2022	**11,322,279**	**6,317,868**	**1,139,402**	**1,266,455**	**52,393**	**16,140**	**20,114,537**

7.1. Capital Work-in-Progress includes SAR 48.2 million of borrowing costs capitalised during the year (2022: SAR 19.7 million). Average interest rate on borrowings as of 31 December 2023 is 5.5% per annum (2022: 3.64%). (Refer note 31)

7.2. Refer note 22 for information on property, plant and equipment pledged as security by the Group.

8. LONG-TERM PREPAYMENTS

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Opening Balance	552,415	579,677
Amortisation	(27,262)	(27,262)
Closing Balance	525,153	552,415

8.1. Long-term prepayments comprise of amounts paid to or paid on behalf of the Saudi Electric Company in prior periods for the commissioning and installation of power grids at the manufacturing sites and are amortised over the period of the respective agreements.

9. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets - class wise depreciation charge and balances are as follows:

	31 December 2023		31 December 2022	
	Depreciation	Balance	Depreciation	Balance
	SAR '000	SAR '000	SAR '000	SAR '000
Land	38,365	326,763	33,729	354,066
Buildings	70,005	133,024	68,982	129,947
Vehicles	951	2,739	571	286
Equipment	49	119	49	135
Plant and Machinery	1,530	11,186	2,226	14,349
Total Right-of-Use Assets	**110,900**	**473,831**	**105,557**	**498,783**

Additions to Right-of-Use assets during the year ended 31 December 2023 are SAR 17.7 million (31 December 2022: SAR 94.0 million).

Lease liabilities as at year end are as follows:

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Non-Current portion of Lease Liabilities	369,113	391,738
Current portion of Lease Liabilities	81,079	75,092
Total Lease Liabilities	**450,192**	**466,830**

The total interest expense on lease liabilities recognized during the year ended 31 December 2023 is SAR 15.9 million (2022: SAR 16.0 million).

Expenses relating to short-term and low-value asset leases are SAR 19.4 million and SAR 2.6 million, respectively (2022: SAR 11.6 million and SAR 3.4 million, respectively).

The total cash outflow for leases in 2023 was SAR 116.0 million (2022: SAR 120.8 million).

10. INTANGIBLE ASSETS AND GOODWILL

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Software Licenses (Refer note 10.1)	168,821	177,043
Goodwill (Refer note 10.2)	940,066	948,716
Customer Relationships and Brands (Refer note 10.3)	14,882	19,842
	1,123,769	1,145,601

10. INTANGIBLE ASSETS AND GOODWILL (Continued…)

10.1. Software Licenses

	Software Licenses	Software Licenses in Progress*	Total
	SAR '000	SAR '000	SAR '000
Cost			
At 1 January 2023	531,536	17,926	549,462
Additions during the Year	-	24,517	24,517
Transfers during the Year	18,004	(18,004)	-
Disposals during the Year	(1,509)	-	(1,509)
Currency Translation Difference	(1,191)	(12)	(1,203)
At 31 December 2023	**546,840**	**24,427**	**571,267**
Accumulated Amortisation			
At 1 January 2023	372,419	-	372,419
Amortisation for the Year	32,435	-	32,435
Disposals during the Year	(1,378)	-	(1,378)
Currency Translation Difference	(1,030)	-	(1,030)
At 31 December 2023	**402,446**	**-**	**402,446**
Net Book Value			
At 31 December 2023	**144,394**	**24,427**	**168,821**
Cost			
At 1 January 2022	498,380	22,318	520,698
On Acquisition of Subsidiary	14	-	14
Additions during the Year	-	33,339	33,339
Transfers during the Year	37,724	(37,724)	-
Disposals during the Year	(1,393)	-	(1,393)
Currency Translation Difference	(3,189)	(7)	(3,196)
At 31 December 2022	**531,536**	**17,926**	**549,462**
Accumulated Amortisation			
At 1 January 2022	334,178	-	334,178
On acquisition of subsidiary	5	-	5
Amortisation for the Year	42,425	-	42,425
Disposals during the Year	(1,393)	-	(1,393)
Currency Translation Difference	(2,796)	-	(2,796)
At 31 December 2022	**372,419**	**-**	**372,419**
Net Book Value			
At 31 December 2022	**159,117**	**17,926**	**177,043**

**Software licenses in progress include certain software under installation. This majorly includes externally acquired software and licenses.*

10. INTANGIBLE ASSETS AND GOODWILL (Continued…)

10.2. Goodwill

The goodwill relates to the acquisition of Western Bakeries Company Limited (WB) in 2007, Hail Agricultural Development Company (HADCO) in 2009, International Dairy and Juice Limited (IDJ) in 2012 and Bakemart in 2022.

	WB	HADCO	IDJ	Bakemart	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost					
At 1 January 2023	548,636	244,832	477,299	30,177	1,300,944
Currency Translation Difference	-	-	(32,560)	(68)	(32,628)
At 31 December 2023	**548,636**	**244,832**	**444,739**	**30,109**	**1,268,316**
Accumulated Impairment					
At 1 January 2023	-	-	328,250	-	328,250
At 31 December 2023	**-**	**-**	**328,250**	**-**	**328,250**
Net Carrying Value					
At 31 December 2023	**548,636**	**244,832**	**116,489**	**30,109**	**940,066**
Cost					
At 1 January 2022	548,636	244,832	477,299	-	1,270,767
On acquisition of subsidiary	-	-	-	30,177	30,177
Currency Translation Difference	-	-	(24,032)	-	(24,032)
At 31 December 2022	**548,636**	**244,832**	**453,267**	**30,177**	**1,276,912**
Accumulated Impairment					
At 1 January 2022	-	-	328,196	-	328,196
At 31 December 2022	**-**	**-**	**328,196**	**-**	**328,196**
Net Carrying Value					
At 31 December 2022	**548,636**	**244,832**	**125,071**	**30,177**	**948,716**

WB and Bakemart forms part of the Bakery Products reporting segment, HADCO represents Poultry reporting segment while IDJ falls under the Dairy and Juice reporting segment having its CGU in Jordan and Egypt by the name of Teeba and Beyti, respectively.

Goodwill is subject to annual impairment testing. Assets are tested for impairment by comparing the carrying amount of each CGU to the recoverable amount which has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by management covering a five-year period. The pre-tax discount rate is applied to cash flow projections for respective CGUs that varies in the range of 9.0% to 15.0%. Terminal value is calculated using Gordon Growth Model for the final year of the forecast period that is 2%.

The calculation of value in use is most sensitive to the assumptions on sales growth rates and pre-tax discount rates.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Sales growth rate	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Pre-tax discount rate	A discount rate, namely weighted average cost of capital (WACC), is applied for specific business areas based on assumptions regarding interest rates, tax rates and risk premiums and is recalculated to a before-tax rate ('Pre-tax discount rate').

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

10. INTANGIBLE ASSETS AND GOODWILL (Continued…)

10.2. Goodwill (Continued…)

Sensitivity to Changes in Assumptions – WB

The implications of changes to the key assumptions are discussed below.

(a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 6.8%. If all other assumptions kept the same; a reduction of this growth rate by 55.5% would give a value in use equal to the current carrying amount.

(b) Pre-tax discount rate

The Pre-tax discount rate in the forecast period has been estimated to be 9%. If all other assumptions kept the same; an increase of this discount rate to 20.2% would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – HADCO

The implications of changes to the key assumptions are discussed below.

(a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 2%. Keeping all other assumptions same; a reduction in growth rate to -1.8% would give a value in use equal to the current carrying amount.

(b) Pre-tax discount rate

The Pre-tax discount rate in the forecast period has been estimated to be 9% If all other assumptions kept the same; an increase of this discount rate by 17% would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – IDJ

The implications of changes to the key assumptions are discussed below.

(a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 3.7%. If all other assumptions kept the same; a reduction of this growth rate by 10% would give a value in use equal to the current carrying amount.

(b) Pre-tax discount rate

The Pre-tax discount rate in the forecast period has been estimated to be 15.0%. If all other assumptions kept the same; an increase of this discount rate to 19.5% would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – Bakemart

The implications of changes to the key assumptions are discussed below.

(a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 9.8%. If all other assumptions kept the same; a reduction of this growth rate by 66.1% would give a value in use equal to the current carrying amount.

(b) Pre-tax discount rate

Changes in the value in use calculations for Bakemart are not sensitive to material changes in pre-tax discount rate.

10. INTANGIBLE ASSETS AND GOODWILL (Continued…)

10.3 Customer Relationships and Brands

The customer relationships and brands were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line method based on the timing of projected cash flows of the contracts/ business over their estimated useful lives.

	2023	2022
	SAR '000	SAR '000
Opening	19,842	-
On Acquisition of Subsidiary	-	24,802
Amortization	(4,960)	(4,960)
At 31 December	**14,882**	**19,842**

11. BIOLOGICAL ASSETS

The Group's biological assets consist of dairy herd, poultry birds and plantations.

Biological assets owned by the Group are measured as follows:

- Dairy Herd and Poultry Flock: At cost less accumulated depreciation and impairment losses, if any (Refer note 6.1).

- Crops: The crops that have reached a considerable degree of biological development have been stated at the present value of the net cash flows that will be provided by such crops in progress, estimated on the basis of the degree of biological development and the risks related to the completion of the development process of crops sown.

	Dairy Herd	Breeder Birds	Other Poultry	Crops	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost					
At 1 January 2023	2,195,568	224,892	104,326	-	2,524,786
Additions during the Year*	872,991	222,272	2,039,280	-	3,134,543
Transfers to Inventories	-	-	(2,032,615)	-	(2,032,615)
Disposals during the Year	(627,518)	(146,561)	-	-	(774,079)
Currency Translation Difference	(51)	-	-	-	(51)
At 31 December 2023	**2,440,990**	**300,603**	**110,991**	**-**	**2,852,584**
Accumulated Depreciation					
At 1 January 2023	745,039	110,522	-	-	855,561
Depreciation for the Year	396,701	177,563	-	-	574,264
Disposals during the Year	(290,452)	(139,584)	-	-	(430,036)
Currency Translation Difference	(15)	-	-	-	(15)
At 31 December 2023	**851,273**	**148,501**	**-**	**-**	**999,774**
Net Book Value					
At 31 December 2023	**1,589,717**	**152,102**	**110,991**	**-**	**1,852,810**

11. BIOLOGICAL ASSETS (Continued…)

	Dairy Herd	Breeder Birds	Other Poultry	Crops	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Measured at Fair Value					
At 1 January 2023	-	-	-	18,486	18,486
Additions during the Year	-	-	-	421,815	421,815
Transfers to Inventories	-	-	-	(420,594)	(420,594)
Loss Arising from Changes in Fair Value less Cost to Sell	-	-	-	4,389	4,389
Currency Translation Difference	-	-	-	(43)	(43)
At 31 December 2023	**-**	**-**	**-**	**24,053**	**24,053**
Carrying Amount					
At 31 December 2023	**-**	**-**	**-**	**24,053**	**24,053**
Biological Assets Classification:					
At 31 December 2023					
Biological Assets Classified as Non-Current Assets	1,589,717	152,102	-	-	1,741,819
Biological Assets Classified as Current Assets	-	-	110,991	24,053	135,044
	1,589,717	**152,102**	**110,991**	**24,053**	**1,876,863**

** Additions include Biological Assets appreciation amounting to SAR 719.4 million.*

	Dairy Herd	Breeder Birds	Other Poultry	Crops	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost					
At 1 January 2022	1,958,317	203,136	93,143	-	2,254,596
Additions during the Year*	717,559	171,850	1,648,888	-	2,538,297
Transfers to Inventories	-	-	(1,637,705)	-	(1,637,705)
Disposals during the Year	(480,342)	(150,094)	-	-	(630,436)
Currency Translation Difference	34	-	-	-	34
At 31 December 2022	**2,195,568**	**224,892**	**104,326**	**-**	**2,524,786**
Accumulated Depreciation					
At 1 January 2022	585,271	107,098	-	-	692,369
Depreciation for the Year	361,119	119,375	-	-	480,494
Disposals during the Year	(201,364)	(115,951)	-	-	(317,315)
Currency Translation Difference	13	-	-	-	13
At 31 December 2022	**745,039**	**110,522**	**-**	**-**	**855,561**
Net Book Value					
At 31 December 2022	**1,450,529**	**114,370**	**104,326**	**-**	**1,669,225**

11. BIOLOGICAL ASSETS (Continued…)

	Dairy Herd	Breeder Birds	Other Poultry	Crops	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Measured at Fair Value					
At 1 January 2022	-	-	-	24,837	24,837
Additions during the Year	-	-	-	357,388	357,388
Transfers to Inventories	-	-	-	(359,562)	(359,562)
Gain Arising from Changes in Fair Value less Cost to Sell	-	-	-	(4,191)	(4,191)
Currency Translation Difference	-	-	-	14	14
At 31 December 2022	-	-	-	**18,486**	**18,486**
Carrying Amount					
At 31 December 2022	-	-	-	**18,486**	**18,486**
Biological Assets Classification:					
At 31 December 2022					
Biological Assets Classified as Non-Current Assets	1,450,529	114,370	-	-	1,564,899
Biological Assets Classified as Current Assets	-	-	104,326	18,486	122,812
	1,450,529	**114,370**	**104,326**	**18,486**	**1,687,711**

** Additions include Biological Assets appreciation amounting to SAR 717.5 million.*

Dairy Herd represents heifers and cows held for milk production.
Parent Poultry Birds are held for the purpose of laying eggs which are hatched into Broiler Birds (Other Poultry).
Crops are mainly held for the purpose of serving as animal feed which are consumed internally.

Agricultural Risk Management:

The Group is subject to following risks relating to its agricultural activities:

(a) Failure to secure long-term production of fodder

Fodder production has been strategically shifted overseas/outside Saudi Arabia as per domestic law and regulations. Almarai has developed an extensive supply chain network in North America, South America and Romania,covering both own and sourced fodder production, to ensure continuous supply of fodder for its dairy herd. Saudi Arabia's farms also carry a large Inventory of forage to ensure no disruption of supply.

(b) Large scale loss of biological assets due to disease/pandemic

Strong bio-security procedures, livestock and poultry flock located on multiple sites to reduce risk, disease control and vaccination program are in place along with screening and quarantine of incoming animals. Professional vet group within the farming division ensure large scale losses do not occur.

(c) Severe operational disruption (Fire, Flood, etc.)

Almarai is prepared to respond to operational disruptions to minimize losses and remain viable. An effective Business Continuity Plan is continually reviewed and adapted for the changing nature of operational disruptions. Risk assessments are continually performed to identify possible events that could cause significant disruptions. Risk of business disruption from flood has been removed through farm design. Farm buildings are constructed in areas that do not have flash floods and also elevated above ground level.

12. INVESTMENTS

The investments comprise the following:

	Nature	Principal activity	Country of Incorporation / Principal Place of Business	31 December 2023	31 December 2022	31 December 2023	31 December 2022
				%	%	SAR '000	SAR '000
Investments in Associate							
Maria Fondomonte S.A. (Refer note 12.1 and 12.2)	Associate	Source, process and sale of forage supplies	Romania	49.0%	49.0%	5,030	6,108
						5,030	6,108
Equity Investment (Refer note 12.3)							
Mobile Telecommunications Company Saudi Arabia - ("Zain")				-	0.2%	-	15,607

12.1. Movement in the investment in associate is as follows:

	2023	2022
	SAR '000	SAR '000
Opening balance	6,108	88,545
Share of Results for the Year	(1,064)	716
Impairment during the Year (Refer note 12.2)	-	(82,921)
Currency Translation Difference	(14)	(232)
Closing balance	5,030	6,108

12. INVESTMENTS (Continued…)

12.2. On 22 Safar 1441 A.H. (21 October 2019) the Group acquired 49% equity interest in Maria Fondomonte S.A. (the "Associate") to strengthen its dairy herd feed supply. The Group reviewed this investment for impairment on account of breach of certain clauses set forth in the shareholders' agreement (the "Agreement") dated 21 October 2019. Based on fair valuation of Group's equity stake in the Associate, an impairment loss of SAR 82.9 million was recognised in 'Other expenses' in the Consolidated Statement of Profit or Loss during the year ended 31 December 2022.

The Group has also initiated legal action under the Agreement to recover its investment in the Associate. The Group will reassess the carrying value of this investment at each reporting period and adjust or reverse the impairment in subsequent periods accordingly.

12.3. During the year 2023, the Group sold its remaining shareholding in Zain i.e. 1.6 million shares for a cash consideration of SAR 19.8 million.

13. INVENTORIES

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Raw Materials	4,681,722	4,111,541
Finished Goods	990,163	720,304
Spares	826,221	676,761
Work in Progress	241,829	269,877
Total Inventories	6,739,935	5,778,483
Less: Allowance (Refer note 13.1)	(591,746)	(541,347)
Total	6,148,189	5,237,136

13.1. Movement in allowance is as follows:

	2023	2022
	SAR '000	SAR '000
Opening balance	541,347	418,439
Allowance made and written off during the year	52,209	128,108
Currency Translation Difference	(1,810)	(5,200)
Closing balance	591,746	541,347

13.2. Allowance for inventories is based on nature of inventories, ageing profile, their expiry and sales expectation based on historic trends and other qualitative factors.

14. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Trade Receivables - Third Parties	1,890,630	1,562,022
- Related Parties (Refer note 37)	160,561	128,555
	2,051,191	1,690,577
Less: Allowance for impairment of trade receivables (Refer note 14.1)	(160,768)	(139,707)
Net Trade Receivables	1,890,423	1,550,870
Prepayments	494,109	417,409
Government Grants	96,107	71,616
Other Receivables	84,007	116,247
	2,564,646	2,156,142

14. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (Continued…)

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Ageing of Trade Receivables		
Upto 2 months	1,500,209	1,293,145
2 - 3 months	179,253	148,581
More than 3 months	371,729	248,851
	2,051,191	1,690,577

Movement in allowance for impairment of trade receivables is as follows:

	2023	2022
	SAR '000	SAR '000
At the beginning of the Year	139,707	123,504
Allowance made during the Year (Refer note 14.3)	34,173	26,303
Written off during the year	(11,877)	(9,933)
Currency Translation Difference	(1,235)	(167)
At the end of the Year	160,768	139,707

14.1. Trade receivables disclosed above are classified as financial assets at amortised cost.

14.2. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

14.3. The credit terms of the trade receivables vary across the business segments of the Group and therefore any significant change in product-mix also affects the ageing profile of trade receivables accordingly.

15. TIME DEPOSITS

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Time Deposit (Refer note 15.1)	1,925,556	-
	1,925,556	-

15.1. The average rate on time deposit (Murabaha) for the period was 5.9% with a maturity of less than one year.

16. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Cash at Bank - Current accounts (Refer note 16.1)	643,658	480,204
Cash at Bank - Deposits (Refer note 16.2)	274	193
Cash in Hand	22,404	66,519
	666,336	546,916

16.1. Cash available in banks are non-interest bearing.

16.2. The average rate on bank deposits during 2023 is 5.3% (2022: 2.26%) per annum with an average maturity of less than a month. Bank deposits are placed in Islamic Murabha accounts.

16.3. The cash and cash equivalents include SAR 30.4 million earmarked in dividend accounts.

17. SHARE CAPITAL

The Company's share capital at 31 December 2023 amounted to SAR 10,000 million (2022: SAR 10,000 million), consisting of 1,000 million (2022: 1,000 million) fully paid and issued shares of SAR 10 each. Holders of these shares are entitled to dividends as declared from time to time and entitled to one vote per share at general assembly meeting.

18. EMPLOYEE EQUITY PARTICIPATION PROGRAMS

18.1. Employee Stock Option Program ("ESOP"):

The Company has offered certain employees (the "Eligible Employees") the option (the "Option") for equity ownership (treasury shares) opportunities and performance-based incentives which will result in more alignment between the interest of both shareholders and these employees. The vesting of the Option is dependent on meeting performance targets (such as. earnings per share) set by the Company along with the required period of stay in service by the Eligible Employees. The exercise of the Option is contingent upon the shares of the Company continuing to be listed on the Tadawul.

Treasury shares that have not been granted to Eligible Employees in the reporting period for which those were earmarked shall carry over to the next reporting period.

In the event of a capital increase, share split or dividend distribution (in the form of shares), the number of shares and the exercise price subject to the Option will be adjusted accordingly.

The number of share options and the exercise price has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

The ESOP 2017 was granted in Muharram 1439 A.H. (February 2017). The number of shares shall not exceed 4,125,000 shares.

The ESOP 2018 was granted in Muharram 1440 A.H. (September 2018). The number of shares shall not exceed 4,000,000 shares.

The ESOP 2019 was granted in Dhul-Hijjah 1440 A.H. (August 2019). The number of shares shall not exceed 4,500,000 shares.

The ESOP 2020 was granted in Rajab 1441 A.H. (March 2020). The number of shares shall not exceed 4,100,000 shares.

The fair value per Option is estimated at the grant date using the Black Scholes Merton pricing model, taking into account the terms and conditions upon which the share options were granted.

	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
Input to the Model;				
Dividend Yield (%)	1.8%	1.4%	1.5%	1.7%
Expected Volatility (%)	15.0%	19.1%	22.9%	23.1%
Risk Free Interest Rate (%)	5.0%	3.0%	3.0%	2.1%
Contractual Life of Share Options (Years)	3.0	2.4	2.5	2.9
Share Price (SAR) at Grant Date	55.6	49.2	51.9	37.0
Exercise Price (SAR) at Grant Date	46.0	55.0	55.0	50.0
Fair Value per Option	13.9	4.1	6.7	2.1
Weighted Average Share Price during respective year	58.8	53.2	52.6	51.3

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the Options is indicative of future trends, which may also not necessarily be the actual outcome.

18. EMPLOYEE EQUITY PARTICIPATION PROGRAMS (Continued…)

18.1. Employee Stock Option Program ("ESOP") (Continued…):

The following table sets out the number of the, and movements in, ESOP share options during the year:

	2023	2022
At the beginning of the year	9,614,000	10,000,000
Settled during the year	(5,187,000)	(154,000)
Forfeited during the year	(1,246,000)	(232,000)
At the end of the year	3,181,000	9,614,000

18.2. Employee Share Plan ("ESP"):

Under the ESP, the equity instruments (the shares) are granted to the eligible employees for equity ownership (treasury shares) under the same terms and conditions as mentioned above for ESOP. The fair value per award is determined using the market price of the Company's share at the grant date.

The ESP 2021 was granted in Rabi Al-Akhar 1443 A.H. (November 2021). The number of shares awarded under the plan were
472,500 shares.

The ESP 2022 was granted in Jumada Al Thani 1444 A.H. (March 2022). The number of shares awarded under the plan were 513,500 shares.

The ESP 2023 was granted in Rajab 1444 A.H. (January 2023). The number of shares awarded under the plan were 755,500 shares.

19. TREASURY SHARES

	31 December 2023	31 December 2022
	SAR '000	SAR '000
TREASURY SHARES		
At the beginning of the Year	866,602	875,157
Settled during the Year	(251,836)	(8,555)
At the end of the Year	614,766	866,602

20. OTHER RESERVES

	Notes	31 December 2023	31 December 2022
		SAR '000	SAR '000
Hedging Reserve		9,479	(48,950)
Currency Translation Reserve	20.1	833,358	686,672
Others	20.2	114,074	171,677
		956,911	809,399

20.1. During 2023, the Egyptian pound recorded an average 20.1% (2022: 36.5%) devaluation in rate against the SAR. As a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt.

20.2. Others include movement for balances related share based payment expenses SAR 30.8 million and settlement of treasury shares SAR 24.4 million.

21. NON-CONTROLLING INTERESTS

Summarized aggregate financial information of the Group's subsidiaries that has non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Non-current assets	285,097	1,077,570
Current assets	264,126	777,825
Non-current liabilities	183,990	425,888
Current liabilities	124,595	642,609
Equity attributable to owners of the Company	240,638	786,898
Non-Controlling Interests	11,106	311,505
Revenue	915,454	2,718,227
Expenses	(881,739)	(2,636,685)
Profit for the year	33,715	81,542
Net Profit attributable to:		
Owners of the Company	31,309	63,216
Non-Controlling Interests	2,406	18,326
Total Comprehensive Income / (Loss) attributable to:		
Owners of the Company	40,973	(90,730)
Non-Controlling Interests	(35,057)	(101,407)
Total Comprehensive Income / (Loss) for the year	5,916	(192,137)
Cash Flows:		
Cash Flows generated from Operating Activities	75,266	223,876
Cash Flows used in Investing Activities	(91,832)	(63,479)
Cash Flows from / (used in) Financing Activities	4,946	(139,817)

22. LOANS AND BORROWINGS

	Notes	31 December 2023	31 December 2022
		SAR '000	SAR '000
Non-Current Liabilities			
Islamic Banking Facilities (Murabaha)	22.1	4,758,147	5,232,256
Saudi Industrial Development Fund ("SIDF")	22.2	614,789	875,524
Banking Facilities of Non-GCC Subsidiaries	22.3	59,407	89,007
Supranational (Murabaha)	22.4	209,674	304,017
Agricultural Development Fund ("ADF")	22.5	56,570	75,337
		5,698,587	6,576,141
International Sukuk	22.6	2,800,582	1,872,803
		8,499,169	8,448,944

22. LOANS AND BORROWINGS (Continued…)

	Notes	31 December 2023	31 December 2022
		SAR '000	SAR '000
Current Liabilities			
Islamic Banking Facilities (Murabaha)	22.1	524,844	506,674
Saudi Industrial Development Fund ("SIDF")	22.2	262,384	283,713
Banking Facilities of Non-GCC Subsidiaries	22.3	153,177	124,245
Supranational (Murabaha)	22.4	96,025	96,636
Agricultural Development Fund ("ADF")	22.5	526,907	27,758
		1,563,337	1,039,026
International Sukuk	22.6	1,965,491	26,063
		3,528,828	1,065,089
Total Loan and Borrowings		12,027,997	9,514,033

22.1. The borrowings under Islamic banking facilities (Murabaha) are secured by promissory notes given by the Group and are denominated in SAR. The Islamic banking facilities (Murabaha) with a maturity period of less than two years are predominantly of a revolving nature. During the year ended 31 December 2023, the Group entered into new Islamic Banking facilities for SAR 600 million (2022: SAR 1,700.0 million). As at 31 December 2023, SAR 5,298.2 million Islamic banking facilities (Murabaha) were unutilised and available for drawdown with maturities predominantly greater than five years (2022: SAR 4,677.2 million).

22.2. The borrowings of the Group from the SIDF, denominated in SAR, are secured by a mortgage on land, building, plant and machineries equivalent to the outstanding borrowings. As at 31 December 2023, the Group had no unutilised SIDF facilities available for drawdown (2022: Nil). Assets held as collateral are subject to restriction of disposal until the loan is settled or the disposal is approved by SIDF.

22.3. These banking facilities of Non-GCC subsidiaries represent foreign currency denominated borrowings, including USD, EGP and JOD from foreign banking and developing institutions, secured by guarantees provided by the Company. As at 31 December 2023, SAR equivalent 311.5 million (2022: SAR 366.7 million) facilities were unutilised and available for drawdown.

22.4. The borrowings granted by Supranational (“IFC”- Member of World Bank Group and "EBRD" - European Bank for Reconstruction and Development) are Murabaha facilties and in USD, secured by promissory notes given by the Group. As at 31 December 2023, the Group had SAR 281.4 million of unutilised facility available for drawdown (2022: SAR 438.9 million).

22.5. The borrowing from ADF, denominated in SAR, is secured by a mortgage on land, building, plant and machineries equivalent to the outstanding borrowings. During the year ended 31 December 2023, the Group entered into new short term (Murabaha) facilities for SAR Nil (2022: SAR 500 million). As at 31 December 2023, the Group had SAR Nil unutilised ADF facilities available (2022: SAR 500 million). Assets mortgaged are subject to the restriction of disposal until the loan is settled or the disposal is approved by ADF.

22.6. On 28 Jumada Al-Akhirah 1440 A.H, (5 March 2019), the Group issued its first International Sukuk – Series I amounting to USD 500.0 million out of USD 2000.0 million Euro Medium Term Note Programme at a par value of USD 0.2 million each. The International Sukuk Issuance bears a return of 4.3% per annum payable semi-annually in arrears. The International Sukuk will be redeemed at par on its date of maturity i.e. 24 Shaban 1445 A.H. (5 March 2024).

On 7 Muharram 1445 A.H, (25 July 2023), the Group issued its International Sukuk – Series II amounting to USD 750 million (equivalent SAR 2,814.4 million) out of USD 2,000 million (equivalent SAR 7,505 million) Euro Medium Term Note Programme at a par value of USD 0.2 million each. The International Sukuk – Series II Issuance bears a return of 5.2% per annum payable semi-annually in arrears. The International Sukuk – Series II will be redeemed at par on its date of maturity i.e. 28 Rabi Al Thani 1455 A.H. (25 July 2033).

22. LOANS AND BORROWINGS (Continued…)

The loans contain certain covenants. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. During 2023, there has not been any non-compliance observed for any of the covenants.

23. EMPLOYEE RETIREMENT BENEFITS

	2023	2022
	SAR '000	SAR '000
Opening Balance	1,056,581	951,827
On acquisition of subsidiary	-	4,773
Consolidated Statement of Profit or Loss		
Current Service Cost	98,727	98,649
Interest Cost	43,985	21,365
Consolidated Statement of Comprehensive Income		
Actuarial Loss	85,659	42,057
Cash Movements:		
Benefits paid	(59,222)	(62,090)
Closing Balance	1,225,730	1,056,581

		2023	2022
		SAR '000	SAR '000
Sensitivity in Employee Retirement Benefits Liability			
Salary Inflation	1 % Decrease	1,141,043	983,208
	Base	1,225,730	1,056,581
	1 % Increase	1,320,349	1,138,029
Discount Rate	1 % Decrease	1,321,485	1,138,718
	Base	1,225,730	1,056,581
	1 % Increase	1,141,657	983,992

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee retirement benefits to significant actuarial assumptions, the same method (present value of the employee retirement benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee retirement benefits recognised in the Consolidated Statement of Financial Position.

Demographic Assumptions

	31 December 2023	31 December 2022
GCC employees		
Number of Employees	41,044	38,370
Weighted average age of employees (years)	36	37
Weighted average years of past service	7	6

Weighted average duration of the employee retirement benefit liability is 7 years.

23. EMPLOYEE RETIREMENT BENEFITS (Continued…)

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	2023	2022
Discount Rate	4.2% - 6.4%	4.1% - 6.7%
Long-term Salary Growth Rate	4.2% - 6.4%	4.1% - 6.7%

Risk Exposure:

The Group is exposed to a number of risks, the most significant of which are detailed below:

Inflation risk

The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.

Changes in bond yields

Decrease in corporate bond yields will increase plan liabilities.

24. DEFERRED TAX

Following are the major deferred tax assets and liabilities recognised by the Group:

24.1. Deferred Tax Assets

	2023	2022
	SAR '000	SAR '000
Opening Balance	29,674	45,339
Decrease during the Year	(110)	(370)
Currency Translation Difference	(5,257)	(15,295)
Closing Balance	24,307	29,674

Deferred tax assets relate to unused tax losses for its subsidiaries in Argentina and Egypt. Management believes that future taxable profits will be available against which deferred tax assets can be realised.

24.2. Deferred Tax Liabilities

	2023	2022
	SAR '000	SAR '000
Opening Balance	90,489	117,302
Increase during the Year	11,415	652
Currency Translation Difference	(9,797)	(27,465)
Closing Balance	92,107	90,489

Deferred tax liability relates to taxable temporary differences arising majorly on Property, Plant and Equipment.

25. ZAKAT AND INCOME TAX

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Zakat Provision (Refer note 25.1)	249,659	168,596
Income Tax Provision (Refer note 25.2)	30,789	17,503
	280,448	186,099

25. ZAKAT AND INCOME TAX (Continued…)

25.1. Zakat Provision

Zakat is charged at the higher of net adjusted income or Zakat base as required by the ZATCA. The key elements of zakat base primarily include equity components, net income and liabilities adjusted for zakat purpose.

	2023	2022
	SAR '000	SAR '000
Opening Balance	168,596	429,988
Charge for the Year, net	85,101	62,600
Payments	(4,038)	(323,992)
Closing Balance	249,659	168,596

The Company filed its Consolidated Zakat returns for all the years up to 2022. The Zakat assessments for all the years up to 2020 for Almarai Company have been closed and settled with the ZATCA.

25.2. Income Tax Provision

	2023	2022
	SAR '000	SAR '000
Opening Balance	17,503	17,264
Charge for the Year	17,650	7,169
Payments	(4,217)	(6,930)
Currency Transalation Adjustment	(147)	-
Closing Balance	30,789	17,503

Foreign subsidiaries filed their tax returns for all years up to 2022 and settled their tax liabilities accordingly. While all the returns have been filed, final assessments are pending for certain years.

26. TRADE AND OTHER PAYABLES

Management considers that the carrying amount of trade payables approximates to their fair value.

		31 December 2023	31 December 2022
		SAR '000	SAR '000
Trade Payable	- Third Parties	1,912,113	1,253,915
	- Related Parties (Refer note 37)	15,074	12,313
Accrued Expenses (Refer note 26.1)		1,974,481	1,937,573
Other Payables		344,200	451,752
		4,245,868	3,655,553

26.1. Accrued expenses include accrual against volume discounts amounting to SAR 511.3 million (2022: SAR 435.4 million), payroll related accrual amounting to SAR 333.4 million (2022: SAR 392.1 million) and accrual against expected sales returns amounting to SAR 81.1 million (2022: SAR 86.3 million). Other payables include unrecognised portion of Government grants related to inventories, dividend payables and advance from customers at the reporting date.

27. COST OF SALES

	2023	2022
	SAR '000	SAR '000
Material Consumed	8,711,725	8,641,351
Government Grants	(383,510)	(335,071)
Employee Costs	1,917,104	1,796,481
Depreciation of Property, Plant and Equipment	1,450,812	1,506,742
Repairs and Maintenance	873,151	748,136
Depreciation of Biological Assets	574,264	480,494
Telephone and Electricity	389,118	370,655
Vaccines and Drugs	171,233	145,574
Outside Processing Charges	69,580	49,521
Consumables	56,018	84,431
Depreciation of Right-of-Use Assets	41,642	38,390
Amortisation of Long-term Prepayments (Refer note 8)	27,262	27,262
Amortisation of Intangible Assets	19,162	21,842
Other Expenses	326,153	239,747
Less:		
Appreciation of Biological Assets (Refer note 11)	(719,419)	(717,520)
	13,524,295	13,098,035

28. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
	SAR '000	SAR '000
Employee Costs	1,590,975	1,600,448
Marketing Expenses	540,220	458,611
Depreciation of Property, Plant and Equipment	238,116	225,522
Repairs and Maintenance	214,974	199,954
Depreciation of Right-of-Use Assets	60,470	57,619
Telephone and Electricity	25,838	26,556
Consumables	7,554	13,414
Amortisation of Intangible Assets	2,339	1,442
Other Expenses	109,259	125,972
	2,789,745	2,709,538

29. GENERAL AND ADMINISTRATION EXPENSES

	2023	2022
	SAR '000	SAR '000
Employee Costs	268,046	263,923
Insurance	88,797	84,880
Repairs and Maintenance	51,185	44,909
Depreciation of Property, Plant and Equipment	22,823	19,981
Amortisation of Intangible Assets	15,894	24,101
Depreciation of Right-of-Use Assets	8,788	9,548
Telephone and Electricity	5,353	4,986
Consumables	1,175	3,433
Other Expenses	6,962	2,933
	469,023	458,694

30. OTHER EXPENSES, NET

	2023	2022
	SAR '000	SAR '000
Loss on Disposal of Biological Assets (Refer note 30.1)	115,685	85,600
Impairment on Investment in Associate (Refer note 12.2)	-	82,921
(Gain) / Loss on Disposal of Property, Plant and Equipment	(27,227)	2,582
Net Gain on Disposal of Right-of-Use Assets	(493)	(27)
Dividend on Equity Investment	(570)	(300)
Other Income	(3,962)	(4,966)
Exchange Gain	(18,972)	(12,454)
	64,461	153,356

30.1. Each cow within the dairy herd is depreciated over the average useful life of approximately 4 lactations (Refer note 5.9). In order to maintain the size and health of the dairy herd, a significant proportion of the herd is culled or sold each year based on an assessment by management of the productivity, breeding and efficiency of each herd member and only those meeting predefined levels are retained. It is not possible to predict in advance which herd members will be culled early or late and accordingly the average useful life of approximately 4 lactations is applied across the whole of the dairy herd.

Underperforming herd members are often sold in a secondary market where the value received for each herd member is generally not linked to the age of the herd member.

Herd members culled or sold before 4 lactations will typically have a depreciated cost higher than the expected residual value and thus a loss on disposal will generally arise. Management believe that such loss on disposal broadly offsets the absence of depreciation on those herd members that survive beyond the average 4 lactation period and accordingly neither the profit for the year nor the net carrying cost of the dairy herd as reported in the Consolidated Statement of Financial Position is materially distorted.

31. FINANCE COST, NET

	2023	2022
	SAR '000	SAR '000
Interest and Finance Charges	622,319	433,707
Interest on Lease Liabilities	15,978	16,008
Interest Income on other Deposits	(56,133)	(1,658)
Exchange Loss	7,443	2,043
Interest Capitalisation	(48,158)	(19,699)
Net Gain on Settlement of Interest Rate Swap Instrument	(14,430)	(2,282)
	527,019	428,119

32. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022
Profit for the year attributable to the shareholders of the Company SAR '000'	2,049,123	1,759,812
Number of shares '000'		
Weighted average number of ordinary shares for the purposes of basic earnings	984,567	981,897
Weighted average number of ordinary shares for the purposes of diluted earning	1,000,000	1,000,000

32. EARNINGS PER SHARE (Continued…)

	2023	2022
Earnings per Share (SAR), based on Profit for the year attributable to Shareholders of the Company		
- Basic	2.08	1.79
- Diluted	2.05	1.76

Weighted average number of shares are retrospectively adjusted to reflect the effect of Bonus Shares and are adjusted to take account of Treasury Shares held under the Almarai Employee Equity Participation Programme.

33. SEGMENT REPORTING

The Group's principal business activities involve manufacturing and trading of dairy and juice products under Almarai, Beyti and Teeba brands, bakery products under L'usine and 7 Days brands and poultry products under Alyoum and AlBashayer brands. Other activities include Arable, Horticulture, Infant Nutrition, Seafood products and Food Services. Selected financial information as at 31 December 2023 and 31 December 2022, and for the period then ended, categorised by these business segments, is as follows:

Dairy and Juice	Milk production, dairy and fruits juice product processing and distribution
Bakery	Bakery products manufacturing and distribution
Poultry	Poultry products manufacturing and distribution
Other Activities	Arable, Horticulture, Infant Nutrition, Seafood products and Food Services

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2023					
Revenue	12,997,638	2,584,458	3,518,336	1,761,375	20,861,807
Third Party Revenue	12,902,558	2,584,458	3,518,336	570,233	19,575,585
Depreciation and Amortisation	(1,458,524)	(216,638)	(553,097)	(233,313)	(2,461,572)
Share of Results of Associate and Joint Venture	-	-	-	(1,064)	(1,064)
Profit / (Loss) attributable to Shareholders of the Company	1,298,163	384,417	428,098	(61,555)	2,049,123
Profit / (Loss) for the Year	1,298,813	384,417	429,854	(61,555)	2,051,529
Total Assets	23,977,931	1,985,481	7,260,844	2,969,759	36,194,015
Total Liabilities	12,999,332	492,391	4,160,985	732,482	18,385,190
31 December 2022					
Revenue	12,593,458	2,439,300	3,013,435	1,572,602	19,618,795
Third Party Revenue	12,504,123	2,439,300	3,013,435	765,400	18,722,258
Depreciation and Amortisation	(1,473,443)	(284,534)	(455,019)	(199,947)	(2,412,943)
Share of Results of Associate and Joint Venture	-	-	-	716	716
Impairment during the Year	-	-	-	(82,921)	(82,921)
Profit / (Loss) attributable to Shareholders of the Company	1,246,226	334,070	299,422	(119,906)	1,759,812
Profit / (Loss) for the Year	1,261,552	334,070	302,422	(119,906)	1,778,138
Total Assets	21,099,251	1,977,247	6,093,457	2,904,015	32,073,970
Total Liabilities	13,319,855	530,389	551,319	689,542	15,091,105

The Group's revenue is derived from contracts with customers for sale of consumer products. Control of products is transferred at a point in time and directly sold to customers.

33. SEGMENT REPORTING (Continued…)

Finance cost and tax expenses are not analysed at segment level, as it is driven by the central treasury and tax functions respectively, which manages these expenses at the Group level.

Segment assets are measured in the same way as in the Consolidated Financial Statements. These assets are allocated and analysed based on the operations of the segment. The Group's management does not analyse total assets based on its geographical location and therefore country-wise total assets are not disclosed in these Consolidated Financial Statements.

The revenue from business segments categorised by geographical region is as follows:

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2023					
Saudi Arabia	8,069,853	1,925,337	2,940,774	252,254	13,188,218
Other GCC Countries	2,756,774	618,228	459,530	31,237	3,865,769
Other Countries	2,075,931	40,893	118,032	286,742	2,521,598
Total	12,902,558	2,584,458	3,518,336	570,233	19,575,585
31 December 2022					
Saudi Arabia	7,507,961	1,880,922	2,515,815	195,054	12,099,752
Other GCC Countries	2,698,944	526,712	387,376	29,558	3,642,590
Other Countries	2,297,218	31,666	110,244	540,788	2,979,916
Total	12,504,123	2,439,300	3,013,435	765,400	18,722,258

34. BANK OVERDRAFTS

It represents the overdrafts facility arrangement in IDJ (Egypt and Jordan) amounting to SAR 40.4 million (2022: SAR 185 million), secured by corporate guarantee given by the Company. The average rate on overdrafts facility during 2023 was 20.5% and 9.75% per annum for Egypt and Jordan respectively (2022: 9.5% and 6.0%).

35. CASH FLOW INFORMATION

35.1. Non-cash Investing and Finance Activities

Borrowing Cost Capitalised as part of Capital Work-in-Progress (Refer note 7).

Acquisition of Right-of-Use-Assets (Refer note 9).

35.2. Net Debt Reconciliation

	Liabilities from financing activities				Asset	
	Loans and Borrowings	Bank Overdrafts	Lease Liabilities	Sub-total	Cash and Cash Equivalents	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Opening balance as at 1 January 2023	9,514,033	87,130	466,830	10,067,993	546,916	9,521,077
Financing cash flows	2,546,208	(81,857)	(100,764)	2,363,587	123,731	2,239,856
Changes in Leases	-	-	98,228	98,228	-	98,228
Finance Cost	550,563	5,537	15,978	572,078	-	572,078
Finance Cost Paid	(553,662)	(5,537)	(15,208)	(574,407)	-	(574,407)
Currency Transalation Adjustment	(29,145)	(4,429)	(14,872)	(48,446)	(4,311)	(44,135)
Closing balance as at 31 December 2023	12,027,997	844	450,192	12,479,033	666,336	11,812,697
Opening balance as at 1 January 2022	9,703,838	78,395	441,144	10,223,377	580,913	9,642,464
Financing cash flows	(94,676)	15,675	(107,318)	(186,319)	(19,067)	(167,252)
Changes in Leases	-	-	154,128	154,128	-	154,128
Finance Cost	408,536	3,575	16,008	428,119	-	428,119
Finance Cost Paid	(428,208)	(3,602)	(13,506)	(445,316)	-	(445,316)
Currency Transalation Adjustment	(75,457)	(6,913)	(23,626)	(105,996)	(14,930)	(91,066)
Closing balance as at 31 December 2022	9,514,033	87,130	466,830	10,067,993	546,916	9,521,077

36. COMMITMENT AND CONTINGENCIES

36.1. The contingent liabilities against letters of credit are SAR 491 million at 31 December 2023 (2022: SAR 437.3 million).

36.2. The contingent liabilities against letters of outward guarantee and corporate guarantee are SAR 877 million at 31 December 2023 (2022: SAR 1.5 billion). Contingent liabilities against letters of guarantee expire as follows.

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Within One Year	905,308	1,189,560
Two to Five Years	360,040	82,221
After Five Years	103,192	205,633
Total	1,368,540	1,477,414

36.3. The Group had capital commitments amounting to SAR 3.1 billion at 31 December 2023 in respect of ongoing projects (2022: SAR 1.2 billion). The majority of the capital commitments are for poultry business expansion, updating the existing production facilities, sales depot development, distribution fleet, fridges and IT equipment.

36.4. Refer to note 25.1 for Zakat related matters.

37. TRANSACTIONS WITH RELATED PARTIES

37.1. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended 31 December 2023 and 2022 along with their balances:

	Transaction Amount		Balance at	
Nature of Transaction	2023	2022	31 December 2023	31 December 2022
	SAR '000	SAR '000	SAR '000	SAR '000
Sales To				
Panda Retail Company	802,370	714,967	160,484	128,479
Herfy Food Services	161	1,242	77	76
Total	**802,531**	**716,209**	**160,561**	**128,555**
Purchases From				
United Sugar Company	73,338	67,722	(5,561)	(5,704)
International Food Industries Co	81,443	81,076	(9,513)	(6,609)
Total	**154,781**	**148,798**	**(15,074)**	**(12,313)**

The related parties, other than subsidiaries, include the following:

Entity	Relationship
Panda Retail Company	Entity under Common Ownership of the Company's Shareholder
Herfy Food Services	Entity under Common Ownership of the Company's Shareholder
United Sugar Company	Entity under Common Ownership of the Company's Shareholder
International Food Industries Co	Entity under Common Ownership of the Company's Shareholder

37. TRANSACTIONS WITH RELATED PARTIES (Continued…)

37.1. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued…)

Members of the Board of Directors do not receive any remuneration for their role in managing the Company unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities. The top five Senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to the employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to Directors and Key Management Personnel:

	Key Management Personnel			Key Management Personnel		
	Non Executive / Independent Board Members	Other Key Management Personnel	Total	Non Executive / Independent Board Members	Other Key Management Personnel	Total
	31 December 2023			31 December 2022		
	SAR '000			SAR '000		
Short-term employee benefits	4,155	22,602	**26,757**	4,196	20,397	**24,593**
Shared Based Payment	-	4,993	**4,993**	-	3,332	**3,332**
Post-employment benefits	-	857	**857**	-	857	**857**
Total	**4,155**	**28,452**	**32,607**	**4,196**	**24,586**	**28,782**

37.2. Sales and purchases (including services) carried out to/from related parties during the year based on the price lists in force and terms that would be available to third parties in the normal course of business.

38. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2023, the Group had various financial derivatives that were designated as cash flow hedge instruments to cover cash flow fluctuations arising from commission rates, foreign exchange prices and commodity prices that are subject to market price fluctuations. As per Group policy, derivative instruments are not used for trading or speculative purposes.

At 31 December 2023, the Group had 23 commission rate swap agreements in place with a total notional amount of SAR 2.5 billion. At 31 December 2022, the Group had 17 commission rate swap agreements in place with a total notional amount of SAR 1.9 billion.

The swaps result in the Group receiving floating Saudi Arabian Interbank Offered Rate (SAIBOR) rates while paying fixed rates of commission rate under certain conditions. The swaps are being used to hedge the exposure to commission rate changes of the Group's Islamic borrowings.

The Group enters into hedging strategies by using various financial derivatives to cover foreign exchange firm commitments and forecasted transactions that are highly probable.

The Group enters into various commodity derivatives to hedge the price of certain commodity purchases. These derivatives match the maturity of the expected commodity purchases and use the same underlying index as for the hedged item, therefore does not result in basis risk.

All financial derivatives are carried in the Consolidated Statement of Financial Position at fair value. All cash flow hedges are considered highly effective. The application of hedge accounting effectively results in recognising interest expense at a fixed interest rate for the hedged floating rate loans and inventory and PPE at the fixed foreign currency rate for the hedged purchases.

The following table detail the notional principal amounts and remaining terms outstanding as at the reporting date:

38. DERIVATIVE FINANCIAL INSTRUMENTS (Continued…)

	Notional amount of the hedging instruments		Carrying amount of the hedging instrument	
	Current SAR '000	Non-Current SAR '000	Assets SAR '000	Liabilities SAR '000
31 December 2023				
Forward currency contracts	2,654,927	6,662,369	33,912	14,259
Interest rate swaps	800,000	1,700,000	16,879	451
Commodity Derivatives	804,454	34,539	1,734	47,294
	4,259,381	**8,396,908**	**52,525**	**62,004**
31 December 2022				
Forward currency contracts	697,233	4,011,142	6,966	28,767
Interest rate swaps	-	1,900,000	28,699	1,250
Commodity Derivatives	455,024	-	47,675	4,373
	1,152,257	**5,911,142**	**83,340**	**34,390**

39. FINANCIAL INSTRUMENTS

39.1. Fair value measurement of financial instruments

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. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorised 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 that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in 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).

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

39. FINANCIAL INSTRUMENTS (Continued…)

39.1. Fair value measurement of financial instruments (Continued…)

	Carrying amount			Fair Value			
	Hedging Instruments	FVOCI	Total	Level 1	Level 2	Level 3	Total
31 December 2023	SAR '000						
Financial Assets							
Derivative Financial Instruments	52,525	-	52,525	-	52,525	-	52,525
Financial Liabilities							
Derivative Financial Instruments	62,004	-	62,004	-	62,004	-	62,004
31 December 2022							
Financial Assets							
Derivative Financial Instruments	83,340	-	83,340	-	83,340	-	83,340
Equity Investment	-	15,607	15,607	15,607	-	-	15,607
Financial Liabilities							
Derivative Financial Instruments	34,390	-	34,390	-	34,390	-	34,390

Level 2 derivative financial instruments include forwards, commission rate swaps and commodity derivatives. These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of forward pricing standard models using present value calculations and mid-market valuations. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

39.2. Risk Management of Financial Instruments

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, market price risk and capital management risk.

The group's risk management is predominantly centralized under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board approves the overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit Risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade receivables and receivables from related parties and derivative financial instruments as follows.

	31 December 2023	31 December 2022
	SAR '000	SAR '000
Cash at Bank (Refer note 16)	643,932	480,397
Trade Receivables - Third Parties	1,890,630	1,562,022
Trade Receivables - Related Parties (Refer note 37)	160,561	128,555
Derivative Financial Instruments (Refer note 38)	52,525	83,340
Other Receivables (Refer note 14)	84,007	116,247
	2,831,655	**2,370,561**

The carrying amount of financial assets represents the maximum credit exposure.

39. FINANCIAL INSTRUMENTS (Continued…)

39.2. Risk Management of Financial Instruments (Continued…)

Credit Risk (Continued…) :

Credit risk on receivable and bank balances is limited as:

- Cash balances, term deposits and derivative financial instruments are held with banks with sound credit ratings ranging from BBB- and above.
- The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, unemployment rate, inflation rate and interest rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

Financial position of related parties is stable.

Trade receivables outstanding balance comprises of 66% (2022: 59%) in KSA, 25% (2022: 29%) in GCC (other than KSA) and 9% (2022: 12%) in other Countries. The five largest customers account approximately for 34% of outstanding trade receivables at 31 December 2023 (2022: 33%).

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

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 the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest till maturity.

	31 December 2023				
	Carrying Amount	On Demand or Less than 1 year	1 year to 5 years	More than 5 years	Total
Non Derivative Financial Liabilities	SAR '000				
Bank Overdrafts	844	933	-	-	933
Loans and Borrowings	12,027,997	3,985,657	4,824,766	4,920,751	13,731,174
Trade and other payables	4,023,358	4,023,358	-	-	4,023,358
Trade Payables to Related Parties	15,074	15,074	-	-	15,074
Lease Liabilities	450,192	88,700	193,270	320,490	602,460
	16,517,465	**8,113,722**	**5,018,036**	**5,241,241**	**18,372,999**
Derivative Financial Liabilities					
Forward currency contracts	14,259	3,185	10,409	-	13,594
Interest rate swaps	451	3	422	-	425
Commodity Derivatives	47,294	46,434	808	-	47,242
	62,004	**49,622**	**11,639**	**-**	**61,261**

39. FINANCIAL INSTRUMENTS (Continued…)

39.2. Risk Management of Financial Instruments (Continued…)

Liquidity Risk (Continued…):

	31 December 2022				
	Carrying Amount	On Demand or Less than 1 year	1 year to 5 years	More than 5 years	Total
Non Derivative Financial Liabilities	SAR '000				
Bank Overdrafts	87,130	96,276	-	-	96,276
Loans and Borrowings	9,514,033	1,493,220	7,747,935	2,041,216	11,282,371
Trade and other payables	3,365,733	3,365,733	-	-	3,365,733
Trade Payables to Related Parties	12,313	12,313	-	-	12,313
Lease Liabilities	466,830	87,986	205,908	290,566	584,460
	13,446,039	**5,055,528**	**7,953,843**	**2,331,782**	**15,341,153**
Derivative Financial Liabilities					
Forward currency contracts	28,767	10,589	22,938	-	33,527
Interest rate swaps	1,250	-	1,512	-	1,512
Commodity Derivatives	4,373	4,578	-	-	4,578
	34,390	**15,167**	**24,450**	**-**	**39,617**

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. The Group's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis.

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as, commission rates, commodity prices and foreign currency exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. The Group seeks to apply hedge accounting to manage volatility in profit or loss.

Commission Rate Risk:

Commission Rate Risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha), International Finance Corporation facility and other banking facilities of non-GCC subsidiaries and Sukuk amounting to SAR 4,647.8 million at 31 December 2023 (2022: SAR 4,312.8 million) bear variable financing commission charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts. The policy is to keep 50% to 60% of its borrowings at fixed commission rate. Currently, 61% of the total outstanding borrowings at 31 December 2023 are at fixed commission rate. Further variable borrowing carry commission rate at prevailing market rates indexed to SAIBOR.

The swap contracts require settlement of net interest receivable or payable every 90 or 180 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The following table demonstrates the sensitivity of the income to reasonably possible changes in commission rates, related to variable rate borrowings (net of hedge) with all other variables held constant. There is no direct impact on the Group's equity.

39. FINANCIAL INSTRUMENTS (Continued…)

39.2. Risk Management of Financial Instruments (Continued…)

Commission Rate Risk (Continued…):

		Increase / decrease in basis points of commission rates	Effect on income for the year SAR'000
31 December 2023	SAR	+100	46,478
	SAR	-100	(46,478)
31 December 2022	SAR	+100	43,128
	SAR	-100	(43,128)

Commodity Price Risk:

Commodity Price Risk is the risk associated with changes in prices to certain commodities including corn, sugar and soya etc. that the Group is exposed to and its unfavourable effect on the Group's costs and cash flow. This commodity price risk arises from forecasted purchases of certain commodities that the Group uses as raw material, which is managed and mitigated by entering into commodity derivatives.

The Group enters into various commodity derivatives to hedge the price of certain commodity purchases. These derivatives match the maturity of the expected commodity purchases and use the same underlying index as for the hedged item.

The sensitivity of the commodity prices to reasonably possible changes in rates by 5% would have increased / (decreased) profit by SAR 12.5 million. There is no direct impact on the Group's equity.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in currency that's not the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in Kuwaiti Dinar ("KWD"), Euro ("EUR") and Great British Pounds ("GBP"). The fluctuation in exchange rates against KWD, EUR and GBP are monitored on a continuous basis. Quantitative data regarding the Group's exposure to currency risk arising from currencies is as follows:

	KWD	EUR	GBP	Total
	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2023				
Cash at Bank	45,788	10,132	21,905	77,825
Cash in Hand	5,704	41	13	5,758
Trade Receivables	122,303	-	141	122,444
Bank Overdrafts	-	-	-	-
Short term Borrowings	-	(24,887)	-	(24,887)
Long Term Borrowings	-	(75,501)	-	(75,501)
Trade Payables	(2,873)	(84,491)	-	(87,364)
Net Statement of Financial Position exposure	**170,922**	**(174,706)**	**22,059**	**18,275**

39. FINANCIAL INSTRUMENTS (Continued…)

39.2. Risk Management of Financial Instruments (Continued…)

Currency Risk (Continued…):

	KWD	EUR	GBP	Total
	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2022				
Cash at Bank	18,581	1,391	11,089	31,061
Cash in Hand	6,686	11	-	6,697
Trade Receivables	119,082	-	878	119,960
Bank Overdrafts	-	-	-	-
Short term Borrowings	-	(27,742)	-	(27,742)
Long Term Borrowings	-	(111,906)	-	(111,906)
Trade Payables	(1,574)	(224,985)	-	(226,559)
Net Statement of Financial Position exposure	**142,775**	**(363,231)**	**11,967**	**(208,489)**

The Group uses forward currency contracts to eliminate volatility in currency exposures. Management believes that the currency risk for forecast payments and capital expenditure is adequately managed primarily through entering into foreign currency forward purchase agreements. The Group treasury's risk management policy is to hedge between 65% to 90% of forecast non-pegged USD cash flows for accounts payable and capital expenditure purchases up to one year in advance, subject to a review of the cost of implementing each hedge. For the year ended 31 December 2023, approximately 80% of forecast payments and capital expenditures were hedged in respect of foreign currency risk. The hedge of forecast payments and capital expenditures qualified as 'highly probable' qualified forecast transactions for hedge accounting purposes. The forward purchase agreements are secured by promissory notes given by the Group. The sensitivity of the currency to reasonably possible changes in rates by 5% would have increased / (decreased) profit by SAR 40.8 million. There is no direct impact on the Group's equity.

A strengthening / (weakening) of the KWD, EUR and GBP by 10% against all other currencies would have affected the measurement of financial instruments (includes financial assets and liabilities) denominated in foreign currency and would have increased / (decreased) equity by the amounts shown below:

	31 December 2023	31 December 2022
	SAR '000	SAR '000
KWD	17,092	14,278
EUR	(17,471)	(36,323)
GBP	2,206	1,197
	1,827	**(20,848)**

Capital Management:

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders.

39. FINANCIAL INSTRUMENTS (Continued…)

39.2. Risk Management of Financial Instruments (Continued…)

Capital Management (Continued…):

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by adjusted equity. The Group's gearing ratios at the year end of the reporting year were as follows;

	2023	2022
	SAR '000	SAR '000
Total Loans and Borrowings	12,028,841	9,601,163
Time Deposit	(1,925,556)	-
Cash and Cash Equivalents	(666,336)	(546,916)
Net debt	9,436,949	9,054,247
Adjusted Equity (Refer b)	16,685,056	15,837,264
Gearing	**56.6%**	**57.2%**

a) This includes bank overdrafts.

b) Adjusted equity is total equity net of intangible assets and goodwill.

40. DIVIDEND APPROVED AND PAID

On 20 Ramadan 1444 A.H. (11 April 2023) the shareholders in their Extraordinary General Assembly Meeting approved dividends of SAR 1 billion (SAR 1 per share) for the year ended 31 December 2022 out of which SAR 980.6 million was paid. No dividend was paid relating to treasury shares amounted to SAR 17.7 million.

41. DIVIDEND PROPOSED

The Board of Directors have proposed, for shareholders' approval at the General Assembly Meeting, a dividend of SAR 1 billion (SAR 1 per share) for the year ended 31 December 2023.

42. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these Consolidated Financial Statements.

43. BOARD OF DIRECTORS APPROVAL

These Consolidated Financial Statements were approved by the Board of Directors on 9 Rajab 1445 A.H. (21 January 2024).