

المنزجم
ALMUNAJEM
للأغذية Foods



2022

ANNUAL REPORT



www.almunajemfoods.com

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BRIEF COMPANY OVERVIEW

ALMUNAJEM Foods Company was founded in 1950 AD and is considered one of the largest food companies in the Kingdom of Saudi Arabia. The Company includes more than 40 brands distributed in five main food categories that are consumed daily, namely meat, frozen fruits and vegetables, Dairy products, olives, oils category and other items.

Over more than 70 years of its life, The Company has established strong relationships with its customers through a network of stores spread across the Kingdom. The Company provides frozen and refrigerated dry products through a transport fleet of more than 1,000 vehicles reaching 13 branches around the Kingdom.

The Company has equipped its branches and fleet with the latest technologies, including automated storage systems (in most cold stores), which has led to maximizing storage capacity and reducing the time it takes to deliver the product to the customer. The Company was able to apply and operate several systems used globally, such as the Oracle system for immediate inventory control and tracking and the temperature control system, which enabled the operation and monitoring of temperature levels in all frozen, refrigerated and dry warehouses and most transport trucks.

BRANDS



40+

FLEET



1,000+
Vehicles

CUSTOMER OUTLETS



Retail

12,757



Food Service +
Wholesale

9,069

SUPPLIERS



International

84%



Local

16%

13

Cold Storage
Branches

58,157 MT

Cold Storage
Capacity

256,488 MT

Sales Volume
(2022)



Vision

To be the leading Company in delivering food products that enrich lives of millions at all times.



Mission

Providing high-quality food products from around the world in an effective and reliable manner, centered on customer service, which enhances the added value of shareholders and our clients.

Values



TRUST

We recognize the importance of trust in our standards, our people, our capabilities, our products and our services



INTEGRITY

We act with fairness, honesty and to the highest ethical standards when conducting our business



QUALITY

We import, market, produce and distribute safe and high-quality foods to customers



PASSION

We always go above and beyond to provide a world-class customer experience



COLLABORATION

We work closely with our stakeholders to succeed together, with a view to grow and foster partnerships over the long-term





BOARD OF DIRECTORS' REPORT

CHAIRMAN'S STATEMENT



It is my pleasure to present to the Board of Directors the annual report of ALMUNAJEM Foods Company, in which we shed the light on the Company's business performance for the financial year 2022 and its strategy for the coming period, God willing, and to review the most prominent financial successes and results achieved by the Company during the financial year of 2022.

Year of 2022 was full of challenges and difficulties witnessed by the entire world, the most prominent of which was the clear impact on supply chains at the global level, which had just witnessed the beginning of recovery from the effects of the emerging Corona (Covid-19) pandemic, in addition to the rise in main commodities and production inputs for the food industry.

However, thanks to God, we were able to make during this year achievements that we hope will meet the aspirations of our esteemed shareholders, while we feel the importance of continuing to make all efforts and overcoming the difficulties facing us in order to achieve more successes and aspirations.

Market conditions

During the first half of 2022, the food sector witnessed great challenges at the global level caused by the negative repercussions of the Russian-Ukrainian crisis

The commodity prices have risen acutely due to the lack of supply of basic commodity crops and the high prices of fuel and fertilizers accompanied by imbalances in the supply chains, which greatly affected food security globally, Which in turn negatively reflected on consumers, Despite the fact that the series of crises during the past few years have imposed a number of urgent challenges and difficult conditions that were reflected on many sectors in the global economy, the food and beverage sector inside the Kingdom has shown high levels of resilience in the ability to overcome the effects of the repercussions of the Covid-19 pandemic and the Russian-Ukrainian crisis. The sector was supported by many key factors, and it is still recording steady growth, driven by the improvement of the macroeconomic landscape and the growth of consumption and demand rates positively.

In light of the current market situation supported by strong long-term foundations, we are confident of continued growth in the local food sector, supported by various government initiatives, stimulating demographic reforms, population growth, and the expected increase in the number of tourists coming to the Kingdom.

Financial and operational Performance:

Based on its leading position, thanks to God, the facilities, logistical operations and human competencies of the company, has enabled it to tackle any difficulties in its operational work. These aspects had significant contribution to the Company's financial results for 2022.

Speaking of financial results: the Company maintained its strong performance during the fiscal year 2022 AD and recorded stable growth across its main units.

Its well-established assets represented in the diversity of its product range and the expansion of its distribution network, to cover various sales channels in the Kingdom were key pillars for realizing these results.

This was reflected in the growth of revenues by 16%, which amounted to about 2.98 billion Saudi Riyal, while the Company's net profit increased by 75%, on an annual basis, to 290 million Riyal, mainly due to the increase in retail sales and the improvement in profit margins in most of the main product categories. As a result of the improvement in trade conditions during the year, the Company also achieved a free cash flow of 229 million Saudi Riyal compared to last year's 203 million Saudi Riyal, which enhances the Company's ability to fulfill its obligations to and other stakeholders.

In conclusion, I extend my sincere thanks and appreciation to all those who contributed to the continuation of the success story of ALMUNAJEM Food Company, especially my fellow members of the Board of Directors. Without their support and dedication, the Company would not have been able to continue its path of growth and progress after God's grace. I also reiterate my thanks and appreciation to the Company's management team and my brothers and sisters from the employees in appreciation of their commitment and dedication in supporting the Company's growth strategy and consolidating the values of excellence and transparency. My appreciation is extended to our valued shareholders who have placed the bulk of their confidence in ALMUNAJEM Foods Company and its integrated operational business model, which inspires us towards achieving sustainable value that benefits them and all parties that deal with it.

Saleh bin Abdullah bin Ali ALMUNAJEM
Chairman of Board of Directors

CEO'S STATEMENT:



Dear Shareholders,

In my role as the CEO of Almunajem Foods Company, I am pleased to present to you the annual report of the Company for the year 2022 AD: in which we were able, thank God, to overcome the difficulties and obstacles that we faced along the way.

Thanks to the diversity of its portfolio of high-quality food products on one hand, and the diversification of its sales channels on the other hand, in addition to its deep understanding of the changing market requirements and the methodology of rapid adaptation to perform its business.

Sustainable strategic growth:

Despite the challenges and difficulties that the Company faced during the year 2022, it continued to implement its strategy for sustainable growth by expanding the range of products offered by the Company to meet the needs of all consumer segments. The Company continued to provide main food categories, including frozen ready-made meals, in addition to introducing new range in the categories of red and white meat, fruits and vegetables, as well as many other food items.

The Company has also strengthened sales channels and maintained its leading position in the retail and food services sector, as the Company has recorded strong growth in the retail sector, both traditional and modern trade. It also maintained its pace of growth in the food service sector.

Increasing local content and enhancing manufacturing capacities are both the Company's strategic goals to ensure uninterrupted flow of supply chain. So we have doubled up the production of the meat factory, and raised up local content in the various food categories, knowing that this is anticipated to keep on growing across the coming years.

The Company also continues to provide logistical services to others, which has grown steadily, benefiting from its long-standing experience in this field and its presence close to its consumers in all regions of the Kingdom of Saudi Arabia.

Strong financial performance for the year 2022:

We have never hesitated to provide high-quality products to our customers throughout the Kingdom on time and in accordance with high service standards, relying on the Company's modern cold stores in various regions of the Kingdom and large logistical capabilities managed according with high degree of efficiency and effectiveness. The proximate relationship with our suppliers and customers has contributed to providing our business with greater resilience in reacting to evolving market conditions.

Consequently, the Company recorded good financial results during the fiscal year 2022.

Net revenues increased by 16% worth of 2.98 billion Saudi Riyal compared to 2021, mainly due to the improvement in commercial conditions during the year. The food services sector continued a remarkable recovery, especially after government initiatives and programs to stimulate tourism in general, especially religious tourism, which contributed to a gross profit margin increase, reaching 19.7% for the fiscal year 2022 AD, compared to 17.1% in 2021 AD.

Our operating expenses increased in 2022, caused by marketing and promotional spending in the retail sector. In addition, other operating expenses increased, including higher fuel prices. However, we were able to manage our costs more effectively without compromising on the quality of products or service. This will ensure that we continue to consolidate our leading position in the market across many food sub-categories

Net profit increased by 75% year-on-year to 290 million Saudi Riyal, mainly due to an increase in gross profit by 33% year-on-year to 588 million Saudi Riyal compared to 2021, supported by the improvement in the performance of all sales channels.

Speaking of its financial position, the Company concluded the year 2022 with a strong financial position, as the Company's total assets amounted to 1.5 billion Saudi Riyal as of 31, December 2022, an increase of 14% over the same period last year, and a low debt-to-equity ratio of 0.5 (the debt-to-equity ratio was 0.6 in 2021) as we ended the year without loans with free cash flow of SAR 229 million which is higher than the five-year average free cash flow of SAR 192 million.

Operationally, Almunajem Foods continues to strengthen its position as one of the largest food companies in Saudi Arabia by expanding its

international network of suppliers to ensure its strong position in facing any potential challenges that may arise in the supply chain. Moreover, as a continuation of the longevity and durability of the Company as well as its historical legacy that extends to more than 70 years in the field of serving food markets in the Kingdom with high-quality products, we look optimistically towards the future despite the challenges that food industry will witness during the year 2023, and the impact of disruptions in supply chains that may take time to stabilize, in addition to serious concerns of any potential economic recession. We are confident of our ability to continue strengthening our leadership position in the market, and to expand our product range and scope of business within the Kingdom.

The relentless efforts of our employees have played a major role in achieving what we have reached today, thank God, and I would like to thank them for their dedication to work, and I look forward to cooperating with our team to continue the Company's journey towards further progress and success in a way that contributes to achieving sustainable value for shareholders.

Engineer / Thamer bin Abdulaziz Abanami
Chief Executive Officer

ALMUNAJEM Food Strategy (2023-2027):

ALMUNAJEM Company has adopted its strategy for the next five years to consolidate its leading position in the food sector in the Kingdom of Saudi Arabia and to achieve sustainable growth. The strategy is based on four main axes:

Developing and diversifying products

By strengthening its presence in the existing food categories and expanding its scope by adding new sub-categories, as well as adding new main food categories and expanding its portfolio of food items under its brand.

Enhancing sales channels

By Maintaining leadership in the market share in retail channels for all food categories, as well as strengthening the Company's position in the food service sector and benefiting from advanced digital technologies to reach the customer with better efficiency.

Increasing local content and enhancing manufacturing capacities

Through doubling production capacities in the red and white meat sector and increasing local content in targeted food groups through strategic alliances.

Providing logistics services to third parties

In an integrated manner and to be the preferred Company in this field.

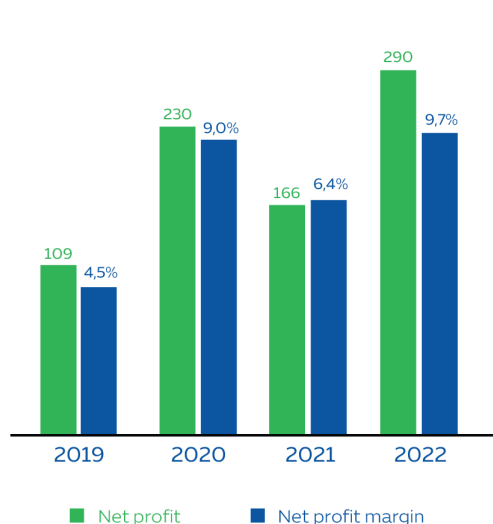
In realization of our environmental role and what it entails in this regard, we have targeted during our strategy:

Increasing the goals of sustainable development through the use of renewable energy (solar energy), which contributes significantly to reducing operational costs, increasing environmental commitment, and reducing carbon dioxide emissions by approximately 4,000 kb annually.

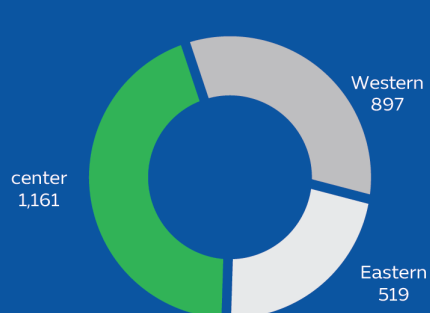
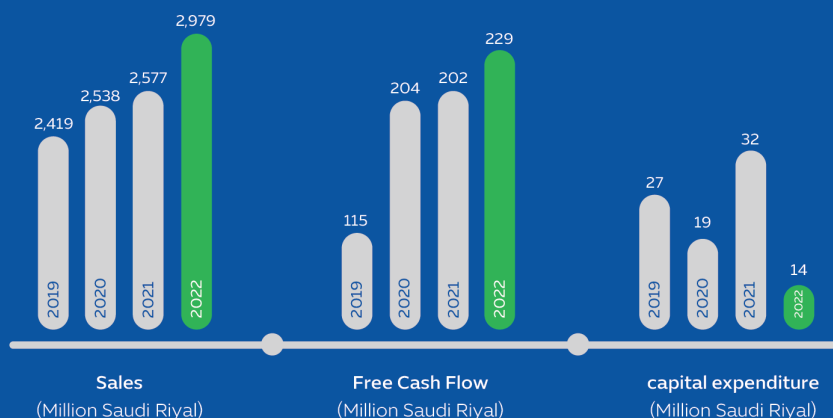
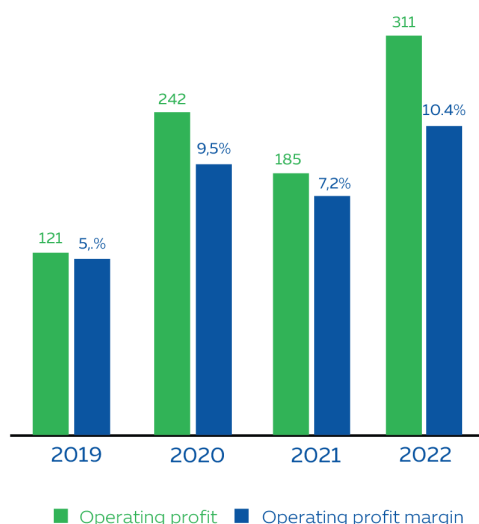
It is worth noting that the Company has already started in the middle of the year 2021 AD to install more than 3,500 solar panels on the roofs of its warehouses in the city of Riyadh, with the aim of providing 30% of the energy requirements in the stores in which the installation took place.

KEY RESULTS

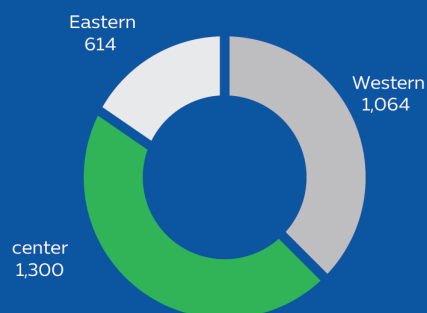
Net profit (million Saudi Riyal)
and net profit margin (%)



Operating profit (million Saudi Riyal)
and operating profit margin (%)



Sales per area in 2021
(Million Saudi Riyal)



Sales per area in 2022
(Million Saudi Riyal)

Future Expectations:

The repercussions of the Russian-Ukrainian crisis still constitute an obstacle to the full economic recovery of the sector, as we still notice partial disruption in the supply chains, and expectations indicate that the challenges in the economic environment as a whole will continue during the year 2023.

In spite of these challenges, Almunajem Foods Company is striving to attain a more robust performance, due to its resilient strategy and strong footing and stable cash flows.

The Company will continue to move forward in achieving its objectives for Strategy 2027 in the coming years, and will dedicate major focus to improving capital utilization and reducing costs in order to enhance the efficiency of its business operation.

Sustainability

In line with the "Saudi Green" initiative, Almunajem Foods has adopted the use of environmentally friendly renewable energy in its operations

At the end of the year 2021 AD, the Company installed and operated 3,528 solar energy panels with a capacity of 1.35 megawatts per hour of clean energy on the roofs of the cold store located in the Company's branch in Riyadh, which is one of the Company's largest cold stores in the Kingdom out of 13 stores in various regions. Kingdom: The storage capacity of this warehouse is 15,000 tons.

During the year 2022 AD, this initiative proved its efficiency by promoting the use of renewable energy and achieving cost efficiency, and it also contributes to a decrease in carbon emissions by 1,300 tons annually.



Since this initiative has proven its efficiency, the Company's management will develop a strategy for transferring this experience and applying it to all its branches in the Kingdom.

As part of the Company's efforts to increase production capacities and increase the local content of some poultry items, while continuing to meet the increasing demand for imported items, Almunajem Foods Company expanded the meat factory in Jeddah

Based on our belief in Almunajem Foods in the importance of increasing the local content of food items, especially poultry items, taking into consideration keeping up with the growing demand for imported poultry items.

The Company directed its efforts to start new expansion works and add a new line for poultry cuts and FPP range, in its factory located in Jeddah Governorate, which was established in 1992. The plant is involved in red meat and poultry processing for the leading privately owned brands ALHABRA, ANAAM ALSAUDIA, DARI, and DOUX. Thus, the new line will add more than 4,000 tons annually, and the total production capacity of the plant will increase by 36%, to more than 15,000 tons, starting in 2023.



KEY PERFORMANCE INDICATORS

We set targets to analyze our progress and measure them by means of KPIs. This ensures the timely and efficient delivery of our objectives. Our goal is to be Reliable, Efficient and have a Customer centric approach in order to deliver high-quality food to customers.

Our growth drivers consists of Total volumes sold, Average selling price, Number of customer outlets, and Revenue contribution by key categories to name a few.

Key Performance Indicators	2019	2020	2021	2022
Number of branches	13	13	13	13
Number of factories	1	1	1	1
Number of customers	18,077	17,737	21,735	21,826
Profitability metrics				
Gross Margin (%)	13.8%	19.1%	17.1%	19.7%
Operating Profit Margin (%)	4.3%	9.0%	6.9%	10.4%
EBITDA Margin (%)	6.4%	11.0%	8.6%	11.8%
Net Margin (%)	4.5%	9.0%	6.4%	9.7%
ROE (%)	23.5%	35.9%	20.6%	32.2%
Days Sales Outstanding (DSO)*	29	30	33	32
Days Inventory Outstanding (DIO)**	48	57	50	67
Days Payable Outstanding (DPO)***	42	35	75	80

* Calculated using total trade receivables.

** Calculated by excluding goods-in-transit, spare parts, and equipment parts from the total inventory.

*** Calculated using cost of purchases, excluding France Poultry purchases.



CORPORATE GOVERNANCE

Overview

The framework contained in the Corporate Governance Manual regulates the various relationships between the Board of Directors, executives, shareholders and other stakeholders by setting rules and procedures to facilitate decision-making processes with the aim of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's behavior in the context of the financial market and environment Business.

These regulations require clear and transparent disclosure, and thus ensure that the Board of Directors acts in the best interest of shareholders and presents a clear and fair picture of the Company's financial position and results of its operations.

The Company's policy requires the adoption of good corporate governance standards. The Company complies with the Corporate Governance Manual. In general, the Company considers continuous compliance with these regulations that are important factors for its continued success.

Regulations are an important factor for its continued success.

Main requirements of corporate governance

The main corporate governance requirements that the Company complies with in the Corporate Governance Regulations, covering the broad areas, are as follows:

1. The general rights of shareholders.
2. Rights related to the meetings of the General Assembly
3. Board of Directors: Board composition, responsibilities and competencies
4. Conflict of interests.
5. Company committees.
6. Internal controls, future references, Company reports and policies, and various other issues

Corporate governance and internal regulations guide

The Board of Directors and the Ordinary General

Assembly approved a corporate governance guide and the internal regulations of the Company on 27/07/1442H (corresponding to 11/3/2021G).

The Corporate Governance Manual includes the following internal policies and charters:

1. Board membership policies and procedures.
2. Conflict of Interest Policy.
3. Insider trading policy.
4. Principles and policies of the Board Committee.
5. Policies for monitoring, evaluation, internal and external auditing, and internal controls.
6. General Assembly policies.
7. Dividend Policy.
8. Policies for communicating with shareholders
9. Disclosure and transparency policy
10. Duties of the Audit Committee
11. Duties of the Nomination and Remuneration Committee

Corporate Governance Compliance

The Board of Directors makes sure that the Company complies with corporate governance regulations in general

All members of the Board of Directors which currently consist of six (6) members, and among the members of the Board of Directors are two (2) independent members.

In addition, the shareholders adopted the cumulative voting method with regard to appointing members, with the exception of the Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors and the Managing Director, who were appointed pursuant to the Board of Directors' decision issued on 22/02/2021 AD at the General Assembly meeting held on 03/07/1442 AH corresponding to For 15/02/2021. This method of voting gives each shareholder voting rights equal to the number of shares he owns.

Each shareholder has the right to use all his voting rights for one candidate or to divide his voting rights among his selected candidates without any double voting. This method increases the chances of the minority shareholders to appoint their representatives to the Board of Directors by exercising the cumulative voting rights in favor of one candidate (Article 71)

In compliance with corporate governance regulations, the General Assembly of the Company formed the Audit Committee consisting of three (3) non-executive members on 27/7/1442 AH corresponding to 11/3/2021 AD, and the Board of Directors formed the Nominations and Remuneration Committee on 24/7/1442 AH corresponding to 8/3/2021 AD. The Company also prepared the composition of the committee, which was approved by the Board of Directors in its session held on 24/7/1442 AH corresponding to 8/3/2021 AD and recommended to the General Assembly to ratify it. The Ordinary General Assembly approved the formation of the committee during its session held on 27/7/1442 AH corresponding to 11/3/2021 AD.

In addition, the Company has put in place measures to comply with the provisions dealing with conflict

of interest. Articles 71, 72, and Article 73 of the Companies Law and Article 44 and 46 of the Corporate Governance Regulations. The Company also obtained the approval of the General Assembly for all dealings with related parties.

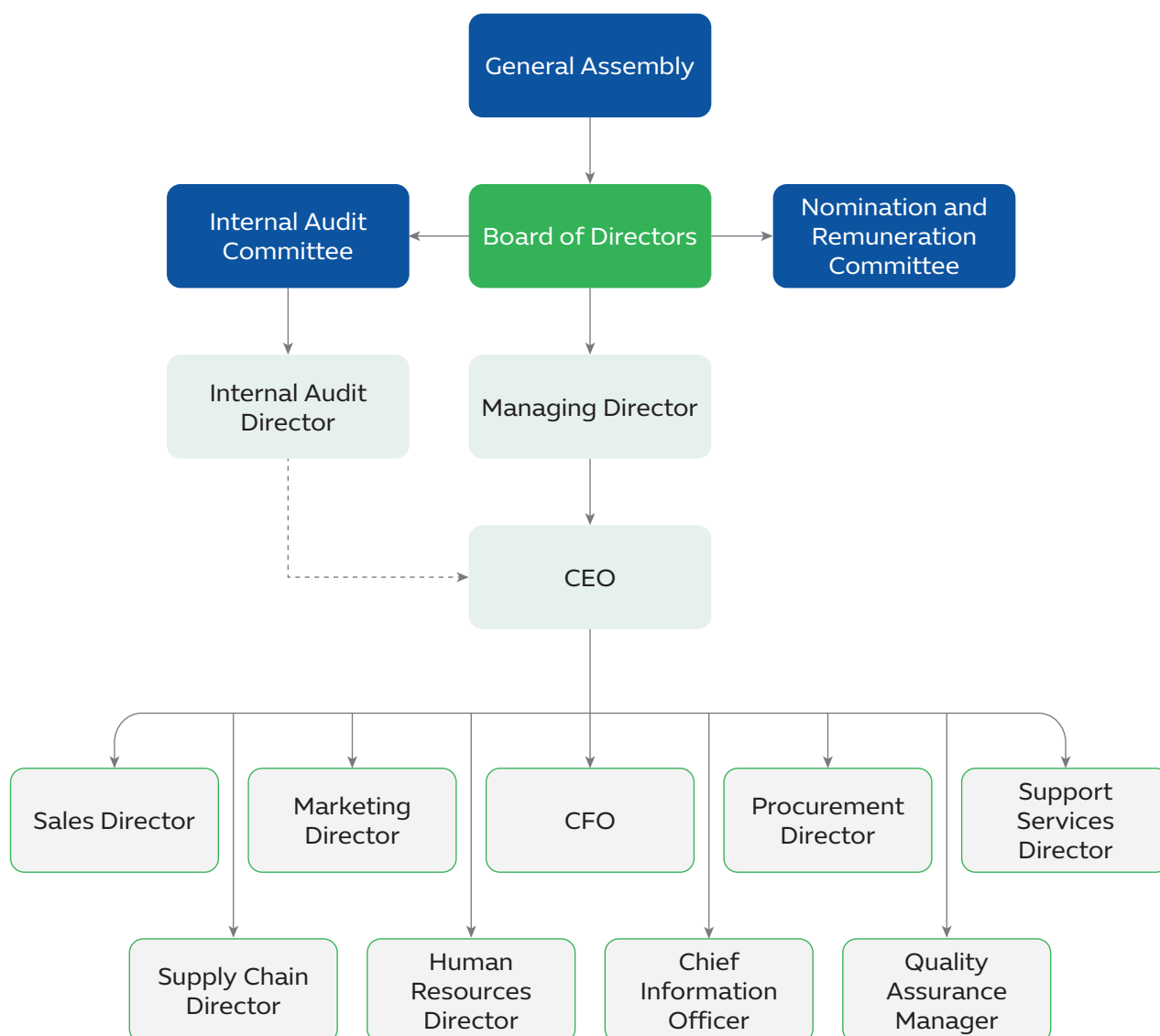
According to corporate governance regulations. Each member of the Board of Directors is prohibited from voting on a decision taken by the Board of Directors or the General Assembly in relation to the transactions and contracts that are concluded for the account of the Company if he has a direct or indirect interest in these transactions or contracts (Article 44 –B-1). The Companies Law stipulates similar requirements. That a member may not, without obtaining the prior approval of the Ordinary General Assembly, have any direct or indirect interest in the transactions or contracts concluded for the account of the Company, and the member is also obligated to inform the Board of Directors of any personal interest he may have in such transactions. Or contracts, and he may not participate in voting on the decisions that will be approved by the board of directors or the shareholders' assemblies in this regard. The chairman of the board of directors must inform the general assembly of any transactions and contracts in which the member has a direct or indirect interest and attaches them to a special report from the Company's external auditor (Article 71).

The Corporate Governance Regulations also stipulate that if a member of the Board of Directors wishes to participate in a business that may compete with the Company or any of its activities, he must notify the Board of Directors of any competing business he wishes to participate in and abstain from voting on the relevant decisions in the meetings of the Board of Directors. Management and general assemblies, and the chairman of the board of directors must inform the ordinary general assembly of the competing business in which a board member proposes to participate in: Permission must be obtained from the Company's general assembly for the member to participate in the competing business. Article 46) The Companies Law stipulates similar requirements (Article 72).

Organizational Structure and Corporate Governance

The organizational structure of the Company consists of the Board of Directors “the Board of Directors” or “the Board” and the committees affiliated to the Board of Directors, which are the Audit Committee and the Nomination and Remuneration Committee. The Board of Directors assumes ultimate responsibility for the direction, general supervision and general control over the Company and its senior executives.

The Company's organizational structure



Board Members

Composition of Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of six (6) Directors appointed by the Ordinary General Assembly. The Companies Law, Corporate Governance Regulations, the Company's Bylaws and Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the Board of Directors, including the Chairman, is for a maximum period of three (3) years. As an exception thereto, the Conversion General Assembly appointed the first Board of Directors for a period of five (5) years.

As at the date of this report, the Board of Directors is comprised of six (6) Directors. The following table shows the names of the Board members as of December 31, 2022.

Board Responsibilities

The responsibilities of the Chairman, members and secretary of the Board of Directors include the following tasks:

Board of Directors

Without prejudice to the powers of the general assembly, the board of directors of the Company enjoys the widest powers necessary for the management of the Company. The board of directors is primarily responsible for the task of managing the Company, even if it establishes committees or delegates some of its powers to third parties. A member of the Board of Directors represents all shareholders and undertakes to implement every order that is in the public interest of the Company. Board members should not represent the interests of a specific group or the group that voted for their appointment to the board. The Board of Directors determines the powers delegated to the executive management and the procedures required to take any action and the power of this delegation. The Board of Directors also takes decisions related to matters falling within the scope of the decision-making powers of the Board. The Executive Management submits periodic reports to the Board of Directors regarding the exercise of the powers delegated to it.

Main duties of board of directors include:

1. Adopting the main and strategic goals and supervise their implementation, including:
 - Developing, reviewing and managing the overall strategy, master plans and risk management policy of the Company.
 - Determining the Company's capital structure, strategy and high goals, in addition to approving the annual budget
 - Overseeing the Company's main capital expenditures and owning and disposing of assets.
 - Setting performance targets and monitoring implementation and Overall performance in the Company.
 - Periodic review and approval of the organizational and functional structures in the Company.
 - Verifying the availability of human and financial resources necessary to achieve the Company's goals and master plans
2. Preparation and supervision
 - Systems and controls for internal control.
 - Developing a written policy that regulates conflicts of interest and addressing potential conflict effects for each of the members of the

Board of Directors, executive management and shareholders, including misuse of the Company's assets and facilities and misconduct resulting from dealings with related persons.

- Ensuring the integrity of the financial and accounting systems used, including those related to the preparation of financial reports.
 - Ensuring the application of appropriate control systems for risk management, by defining the general perception of the risks that the Company may face and presenting them transparently.
 - Annual review of the effectiveness of internal control procedures in the Company. Preparing and approving the Company's authority matrix.
3. Setting clear and specific policies, standards and procedures for membership in the Board of Directors and putting them into practice after the approval of the General Assembly.
 4. Provided that it does not contradict the instructions issued by the concerned authorities in this regard.
 5. Develop policies and procedures that ensure the Company's respect for laws and regulations and its commitment to disclose material information to shareholders. The final responsibility for the Company remains on the board even if it forms committees or delegates other entities or individuals to carry out some of its work. The Council should avoid issuing general or indefinite mandates.
 6. The Board of Directors must perform its duties responsibly, in good faith, seriousness and concern. The decisions of the Board of Directors should be based on sufficient information from the executive management or any other reliable source such as consultants and expert houses.
 7. A member of the Board of Directors represents all shareholders, and he must undertake to do what is in the interest of the Company in general and not what achieves the interests of the Company that he represents or that voted to appoint him to the Board of Directors.

Chairman of Board of Directors

The focus of the responsibility of the Chairman of the Board of Directors is to lead the Board and facilitate constructive contributions and initiatives by all members of the Board of Directors to ensure the effectiveness of the Board in performing its functions as a whole through the exercise of its duties and responsibilities. This is achieved through

- Ensuring that members of the Board of Directors receive complete, clear, correct and non-misleading information in a timely manner.
- Ensuring that the Board of Directors discusses all key issues effectively and in a timely manner.
- Representing the Company before third parties, before the judiciary, notaries, and all official and private agencies, and signing on behalf of the Company in accordance with the provisions of the Companies Law, its executive regulations, and the Company's articles of association.
- Encouraging the members of the Board of Directors to exercise their duties effectively and in the interest of the Company.
- Ensuring the existence of channels for effective communication with the shareholders and communicating their opinions to the Board of Directors.
- Encouraging constructive relations and effective participation between each of the Board of Directors and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism
- Ensuring the preparation of the agenda for the meetings of the Board of Directors, taking into account any issue raised by a member of the Board of Directors or raised by the auditor, and consult with members of the Board and the Managing Director when preparing the agenda of the Board.
- Holding meetings periodically with non-executive board members without the presence of any executive in the Company.

· Informing the Ordinary General Assembly, when it convenes, of the business and contracts in which a member of the Board of Directors has a direct or indirect interest.

· Other responsibilities of the chairman include being the official spokesman for the council, and this capacity requires showing the ability to lead under difficult circumstances, even if the task falls within the basic responsibilities of the managing director.

In addition, the president is the main link between the administration and the board. Among the duties of the chairman is also managing the annual general meetings and playing the main role in the Company's relationship with any of the Company's stakeholders, or delegating whoever he deems appropriate to manage these meetings.

Managing Director

Within the limits of the powers delegated by the Board of Directors or specified in the powers matrix from time to time, the managing director represents the shareholders in following up the daily activities of the Company, directing the management and reviewing important decisions before passing them to the bodies of the Board of Directors. The managing director shall have the widest powers to represent the Company before the various government agencies, and he shall have, for example, the following roles and responsibilities Follow up on the implementation of the internal policies and regulations of the Company approved by Board of Directors.

- Following up the implementation of the Company's internal policies and regulations approved by the Board of Directors.

- Following up the implementation of internal control systems and procedures and general supervision thereof.
- Effectively follow up on the implementation of the Company's corporate governance rules and suggest amending them when needed.
- Ensuring the implementation of policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclose material information to shareholders and stakeholders.
- Providing the Board of Directors with the necessary information to exercise its powers.
- Reviewing the financial budget before presenting it to the Board of Directors.
- Reviewing periodic financial and non-financial reports on the progress made in the Company's activity in light of the Company's strategic plans and objectives and presenting those reports to the Board of Directors. Follow-up of the CEO to ensure the optimal progress of work and in line with the Company's objectives and strategy.
- Ensuring the effectiveness and adequacy of the internal control system and ensure that business risks are adequately managed and monitored.
- Suggesting a clear policy for delegating work to senior management and the way to implement it.
- Active participation in building and developing a culture of ethical values within the Company
- Adoption of global statements and authorization for the media

Approving a number of transactions according to the limits mentioned in the “powers guide” matrix approved by the Board of Directors.

In addition to the responsibilities and powers mentioned in this section. The Managing Director shall enjoy all the powers delegated to him in the “Power Guide” matrix approved by the Board and amended from time to time.

Secretary of Board of Directors

The Secretary of the Board of Directors is responsible for certain tasks, but the core of his main responsibilities is to ensure that the Board has the appropriate constituents of advice and to ensure that the Board’s records reflect that the Board has fulfilled its obligations towards the Company. In addition, a family trustee assists the board in complying with important regulatory requirements.

Since the task of the secretary of the board of directors is to always act in the interests of the Company and its shareholders at all times, he must be protected from the influence and influence exercised by the management and other parties.

In addition, the Board Secretary must help ensure that Board meeting procedures are followed.

Board Members



Saleh Almunajem
Chairman



Suliman Al Guwaiz
Vice Chairman



Fahad AlFadley
Managing Director



Abdullah Bawazir
Member



Mohammad Alrowette
Member



Hasan Aljabri
Member

No.	Name	Position	Nationality	Status	Date of Appointment
1	Saleh Abdullah Ali Almunajem	Chairman	Saudi	Non-Executive	15/12/2021G
2	Suliman Abdulrahman Abdullah AlGuwaiz*	Vice Chairman	Saudi	Independent	15/12/2021G
3	Fahad Abdulmohsen Abdulrahman AlFadley*	Managing Director	Saudi	Executive	15/12/2021G
4	Hasan Shakib Murad AlJabri	Member	Saudi	Independent	15/12/2021G
5	Abdullah Omar Bawazir	Member	Yemeni	Non-Executive	15/12/2021G
6	Mohammad Ibrahim AlRowette	Member	Saudi	Non-Executive	15/12/2021G

Source: The Company

* Members of the Board of Directors were appointed at the General Assembly meeting on February 15, 2021G, and these members were appointed to their positions in accordance with Board Resolution No. 1 dated February 22, 2021G.

Chairman of Board of Directors:

Mr. Saleh bin Abdullah bin Ali Almunajem

Mr. Saleh Almunajem has long professional experience in the areas of management and commerce in general, and he has held several executive and leadership positions in several fields.

Mr. Saleh Almunajem started his professional career in 1978 when he held the position of Director of Almunajem Food Company Branch in Riyadh, Almunajem Refrigerators Company at that time. International business during the period 2005 - 2020. This was before he assumed the position of Chairman of the Board of Directors of Almunajem Food Company, according to the decision of the General Assembly.

As a member of the Board of Directors, the following is a detailed description of the companies in which he works on the Board of Directors and the companies in which he previously worked. They are as follows:

Names of the current companies in which the board member works	based	legal entity	Names of the previous companies in which the board member worked	based	legal entity
Member of the Board of Directors of Abdullah Al-Ali Almunajem Sons Company	Within the Kingdom	Closed Joint Stock Company	-	-	-
Member of the Board of Directors of Al-Kafa'a Real Estate Company	Within the Kingdom	Closed Joint Stock Company	-	-	-

Vice Chairman of the Board:

Mr. Suleiman bin Abdul Rahman bin Abdullah Al-Quwaiz

He holds a Bachelor's degree in Business ministration from the University of Portland in the United States of America. He has more than 35 years of experience. Previously, he held the position of Governor of the General Organization for Social Insurance, Assistant CEO, Director of the Corporate and Individual Sector and Branches Network, as well as the Regional Manager at Riyadh Bank.

As a member of the Board of Directors, below is a detailed description of the companies in which he works on the Board of Directors and the companies in which he previously worked.

They are as follows:

Names of the current companies in which the board member works	based	legal entity	Names of the previous companies in which the board member worked	based	legal entity
Member of the Board of Directors of a Company Mining in Saudi Arabia	Within the Kingdom	Listed Joint Stock Company	Chairman of the Board of Directors of Hasanah Investment Company	Within the Kingdom	Closed Joint Stock Company
Member of the Bank's Board of Directors Saudi British	Within the Kingdom	Listed Joint Stock Company	Chairman of the Board of Directors of Banque Saudi Fransi	Within the Kingdom	Listed Joint Stock Company
Member of the Board of Directors of a Company Saudi Blackrock	Within the Kingdom	Closed Joint Stock Company	Vice Chairman of the Board of Directors of Ajjel Leasing Finance Company	Within the Kingdom	Closed Joint Stock Company
Member of the Board of Directors of the Saudi Agriculture and Livestock Investment Company	Within the Kingdom	Closed Joint Stock Company	Chairman of the Board of Directors of Royal and Sun Yales Insurance Company	Within the Kingdom	Closed Joint Stock Company

Vice Chairman of the Board of Directors of the Company Telecom Union (Mobily)	Within the Kingdom	Listed Joint Stock Company	Member of the Board of Directors of MasterCard International	Within the Kingdom	Closed Joint Stock Company
			Chairman of the Board of Directors of the International Insurance Company	Within the Kingdom	Closed Joint Stock Company
			Member of the Board of Directors of the National Industrialization Company	Within the Kingdom	Listed Joint Stock Company
			Member of the Board of Directors of the Glass Industries Company (Zajaj)	Within the Kingdom	Listed Joint Stock Company
			Vice Chairman of the Board of Directors of the Future Business Company	Within the Kingdom	Listed Joint Stock Company
			Vice-Chairman of the Board of Directors of Saudi Al-Ajwaa for Industrial Investment	Within the Kingdom	Listed Joint Stock Company

Managing Director:

Eng. Fahad bin Abdul Mohsen bin Abdul Rahman Al-Fadley

He holds a Bachelor's degree in Chemical Engineering from King Saud University. Prior to that, he held several positions, including CEO at Almunajem Foods Company, General Manager of Commercial Affairs at Yamama Cement Company previously; He also held several positions in SABIC, including Senior Customer Sales Manager, Sales Manager, Planning and Operations Manager. He also worked as a marketing researcher and currently holds the position of CEO at Abdullah Al-Ali Almunajem Sons Company.

As a member of the Board of Directors, the following is a detailed description of the companies in which he works on the Board of Directors and the companies in which he previously worked:

Names of the current companies in which the board member works	based	legal entity
Chairman of the Board of Directors of France Poultry	Outside the kingdom	simplified joint stock company

Names of the previous companies in which the board member worked	based	legal entity
-	-	-

Member of the Board of Directors :

Eng. Hassan bin Shakeeb bin Murad Al-Jabri

He holds a Bachelor's degree in Agricultural Engineering from the American University of Beirut. He is currently the CEO of the Saudi Economic and Development Company (SEDCO Holding), and before assuming the position, he was the CEO of the Saudi Economic and Development Company for Securities (SEDCO Capital). He held several previous positions, including Head of Investment Banking at Al Ahli Financial Company. Head of the Corporate Banking Department at the National Commercial Bank. Executive Vice President of Dar Al-Maal Al-Islami Group. Head of the Western Region of the Corporate Banking Group and Senior Manager of Credit Services at Al Ahli Bank of Saudi Arabia (formerly Samba Financial Group).

As a member of the Board of Directors, the following is a detailed statement of the companies in which he works on the Board of Directors and the companies in which he previously worked:

Names of the current companies in which the board member works	based	legal entity	Names of the previous companies in which the board member worked	based	legal entity
Member of the Board of Directors of the Saudi Economic and Development Company (SEDCO Capital)	within the Kingdom	Closed Joint Stock Company	Chairman of the Board of Directors of SEDCO Capital Luxembourg for Financial Investments	Outside the kingdom	A limited liability Company
Member of the Board of Directors of the Arab Petroleum Supply Company (APSCO)	within the Kingdom	Closed Joint Stock Company	Member of the Board of Directors of Ahmed Mohamed Saleh Baeshen and Partners Company	within the Kingdom	Closed Joint Stock Company
Member, then Vice Chairman of the Board of Directors and Chairman of the Executive Committee of Dar Al Tamleek Company	within the Kingdom	Closed Joint Stock Company	Member of the Board of Directors of the Arab Roots Company	within the Kingdom	Closed Joint Stock Company

Member of the Board of Directors of Abdullah Abu Nayan Investment Holding Company and Chairman of the Investment Committee	within the Kingdom	Closed Joint Stock Company	Member of the Board of Directors and Chairman of the Audit Committee of Saudi Airlines Catering	within the Kingdom	Listed Joint Stock Company
Member of the Board of Directors of the Bin Len International Holding Group	within the Kingdom	Closed Joint Stock Company	Member of the Board of Directors and Managing Director of Al-Ahly Financial Company	within the Kingdom	Closed Joint Stock Company
			Member of the Board of Directors of Yusr International School	within the Kingdom	Limited Liability Company
			Member of the Board of Directors of (Yalat Travel and Tourism) Group	Outside the kingdom	Limited Liability Company

Member of Board of Directors :

Mr. Abdullah bin Omar bin Abdullah Bawazir

Mr. Abdullah has extensive professional experience in the field of financial sciences. He holds a bachelor's degree in accounting from King Saud University. He is currently the he of the financial affairs department at Abdullah Al-Ali Almunajem Sons Company. Before assuming this position, he also served as the he of the financial affairs department at Almunajem Food Company. He held several positions, including: Financial Manager at Sanaa Foods Gulf Catering, and previously worked as an auditor, audit supervisor, audit manager at Ernst, Yoelg & Partners.

As a member of the Board of Directors, the following is an operational statement of the companies in which he works on the Board of Directors and the companies in which he previously worked:

Names of the current companies in which the board member works	based	legal entity
Member of the Board of Directors of France Poultry	Outside the kingdom	Simplified joint stock company

Names of the previous companies in which the board member worked	based	legal entity
-	-	-

Member of the Board of Directors :

Mr. Muhammed bin Ibrahim bin Abdul Rahman Al-Ruwaita

He holds a Bachelor's degree in Business Administration from the University of Southern California. He currently holds the position of CEO in the Four Steps International office. He previously held several positions, including Executive Vice President of Marketing at the Saudi Marketing Research Group, General Manager of Marketing at L'azurde Group, Marketing Director at Coca-Cola Company International Beverages, Assistant General Manager of Marketing at Savola Group.

As a member of the Board of Directors, the following is an operational statement of the companies in which he works in the Board of Directors and the companies in which he previously worked:

Names of the current companies in which the board member works	based	legal entity	Names of the previous companies in which the board member worked	based	legal entity
Member of the Board of Directors of Dr. Muhammad Al-Faqih and Partners Company	within the Kingdom	Closed Joint Stock Company	Vice President of the Marketing Committee at the Riyadh Chamber	within the Kingdom	government
			Founder and board member of the Marketing Consulting Association	within the Kingdom	association
			Member of the advisory Board of Manafa Company	within the Kingdom	Closed Joint Stock Company

Ownership of board members:

Members	Note	Share ownership		
		Opening balance (Jan 2022)	Closing Balance (Dec 2022)	Percentage change
Saleh bin Abdullah Almunajm	Indirect ownership	5.880.000	5.880.000	0
Sulaiman bin Abdulrahman Al Gwaiz		0	0	-
fahad bin Abdulmohsen Al Fadley		0	0	-
Hassan bin Shakib Al Jabri		0	0	-
Abdullah Omar Bawazir		0	0	-
Mohammad bin Ibrahim Alrowette		0	0	-

Description of any contractual interest or securities, or the issuance of exemption rights for the Board of Directors, senior executives and their relatives regarding the shares or debt instruments of the Company or its subsidiaries, and any change in this interest or rights during the last fiscal year.

The Board of Directors confirms that the Company does not own any property, including contractual securities or other assets that are subject to fluctuations or are difficult to ascertain, which significantly affects the evaluation of the financial position.

Board members' remuneration

According to the articles of association of the Company, the remuneration of the members of the Board of Directors is determined by the Ordinary General Assembly in accordance with the Companies Law and its regulations, and this remuneration may be a specific amount or an attendance allowance, and it is permissible to combine the two. Including all the members of the Board of Directors received during the fiscal year in terms of remuneration, expenses allowance, and other benefits, and it also includes a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in return for any work, a statement of the number of technical, administrative or consulting sessions, and it also includes The Council and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

It should be noted that, according to the Company's articles of association, the members of the Board of

Directors do not have the authority to vote on their bonuses or compensation, and the fees for the policy of senior executives are determined according to the work contracts concluded with them according to the remuneration approved by the Nominations and Remunerations Committee.

Also, members of the Board of Directors and senior executives do not have any authority to borrow from the Company or to vote on a contract or arrangement in which they have a significant interest in accordance with the official decisions and instructions issued in this regard and within the limits of what is stipulated in the Companies Law and its regulations. Attached below is a comprehensive statement of amounts paid and due from bonuses and dues to members of the Board of Directors during the fiscal year 2022.

	Remuneration of Board of Directors							Variable rewards						end of service award	Total	Expense allowance
	Fixed bonus	allow- ance for at- tending board meet- ings	Total meeting atten- dance allowance	in kind benefits	remunera- tions for technical, managerial and consultative work	Remuner- ation of chairman, managing director, or secretary, if he is a member	Total	Percentage of profits	Periodic bonuses	Short term incentive plans	Long term incentive plans	Shares granted (insert the value)	Total			
Non-executive members																
Saleh bin Abdullah Almunajem	250,000	3,000	6,000	-	-	-	256,000	-	-	-	-	-	-	-	256,000	-
Abdullah bin Omar Bawazir	250,000	3,000	6,000	-	-	-	256,000	-	-	-	-	-	-	-	256,000	-
Mohammed bin Ibrahim Al-Raiea	250,000	3,000	6,000	-	-	-	256,000	-	-	-	-	-	-	-	256,000	-
Total	768,000															
Independent members:																
Suleiman bin Abdul Rahman Al-Quwaiz	250,000	3,000	6,000	-	-	-	256,000	-	-	-	-	-	-	-	256,000	-
Hassan bin Shakib Al-Jabri	250,000	3,000	6,000	-	-	-	256,000	-	-	-	-	-	-	-	256,000	-
Total	512,000															
Executive members:																
Fahd bin Abdul Mohsen Al Fadley	250,000	3,000	6,000	-	-	-	256,000	-	-	-	-	-	-	-	256,000	-
Total	256,000															

Remunerations of members of Audit Committee:

	Fixed rewards	Allowance for attending meetings	Total allowances	Total
Audit Committee Members:				
Suleiman bin Abdul Rahman Al-Quwaiz	50,000	3,000	15,000	65,000
Hassan bin Shakib Al-Jabri	50,000	3,000	15,000	65,000
Abdullah bin Omar Bawazir	50,000	3,000	15,000	65,000
Total	195,000			

Remunerations of members of Remuneration and Nomination Committee:

	Fixed rewards	Allowance for attending meetings	Total allowances	Total
Members of the Remuneration and Nomination Committee:				
Hassan bin Shakib Al-Jabri	50,000	3,000	6,000	56,000
Abdullah bin Omar Bawazir	50,000	3,000	6,000	56,000
Mohammed bin Ibrahim Al-Ruwaite	50,000	3,000	6,000	56,000
Total	168,000			

It should be noted that there is no waiver of bonuses for any of the members of the Executive Management or members of the Board of Directors

Board Committees:

The Company has created an appropriate number of committees according to the Company's needs and circumstances, so that the Board of Directors can perform its duties effectively. Committees affiliated to the Board of Directors are formed in accordance with general procedures established by the Board of Directors, which include defining the committee's tasks, the duration of its work, the powers granted to it, and how the Board of Directors supervises it. The Committee must inform the Board of Directors of its activities, findings, or decisions taken with absolute transparency, and the Board of Directors shall follow up the work of the committees periodically to verify that they are carrying out the tasks entrusted to them. The following is a summary of the structure, responsibilities and current members of each Standing Committee:

Nomination and Remuneration Committee:

The main task of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to be members of the Board of Directors and meet the necessary conditions for membership, as well as to assist the Board of Directors Putting in place a sound governing system and building the necessary policies and procedures for that. The committee's scope of work includes carrying out all actions that enable it to achieve its tasks, including:

- Nominating qualified members for membership of the Board of Directors
- Annual review of board membership requirements Capabilities include experience and availability of time for board activities.
- Reviewing the structure of the Board of Directors

and proposing the required amendments in light of the Company's interest.

- Determining the strengths and weaknesses of the Board of Directors and proposing the required amendments in the light of the Company's interest.
- Nomination for the positions of CEO and Managing Director of the Company, and nomination of committee members for approval by the Board of Directors or the General Assembly.
- Reviewing the policies and procedures approved by the Board of Directors before applying them through the General Assembly.
- Monitoring the independence of the independent members of the Board of Directors and monitoring the existence of any conflict of interest on an annual basis.
- Reviewing preparatory materials and training courses for new board members.
- Providing a vision that includes clear policies regarding the remuneration of managers and senior executives.
- Reviewing and proposing plans for assuming key executive functions.
- Reviewing the structure of rewards and benefits for the Company as a whole, which includes job grades, wage structure, benefits, rewards and incentives related to performance.
- Approving changes in the CEO's remuneration and recommending a change in remuneration of the Managing Director, members of the Board of Directors, and members of the various Board committees.

- Approving unusual rewards (employment or performance bonuses) for the CEO and senior positions.

The Nominations and Remunerations Committee shall be one of the committees emanating from the Board of Directors. The committee shall consist of at least (3) members, and the following shall be observed:

- All members of the committee shall be non-executive members of the Board of Directors, provided that at least one of them is an independent member.
- The chairman of the committee should be an independent member.
- The Chairman of the Board of Directors shall not occupy the position of Chairman of the Committee.
- The members of the committee should have academic qualifications, appropriate practical training, and familiarity with the administrative aspects and the nature of the Company's activity.
- The Nominations and Remunerations Committee is formed by a decision of the Board of Directors of the Company based on a proposal from the Board of Directors. The General Assembly of the Company issues the charter of the Nomination and Remuneration Committee, which shall include the Committee's functions, its procedures, its tasks, its rules for selecting its members, the term of the membership, and the remuneration of the members.

Members of the Nomination and Remuneration Committee

No.	Name	Title
1	Hassan bin Shakib Al-Jabri	Chairman
2	Abdullah bin Omar Bawazir	Member
3	Mohammed bin Ibrahim Al-Ruwaite	Member

Source: the Company

Audit Committee

The audit committee is concerned with monitoring the Company's business and verifying the integrity and veracity of the reports, financial statements and internal control systems therein. The committee's duties include, in particular, the following:

- Studying the Company's interim and annual financial statements before submitting them to the Board of Directors and expressing their opinion and recommendation thereon to ensure their integrity, fairness and transparency.
- Providing a technical opinion - at the request of the Board of Directors Whether the report of the board of directors and the financial statements of the Company are fair, balanced and understandable and includes information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- Examining any important or unusual issues contained in the financial reports.
- Examine carefully any issues raised by the chief financial officer of the Company or whoever assumes his duties or the compliance officer in the Company or the external auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Studying the accounting policies followed by the Company and expressing an opinion and recommendation to the Board of Directors in this regard.
- Studying and reviewing the Company's internal and financial control and risk management systems.
- Study 'internal audit reports' and follow up 'implementation of corrective actions for the notes contained therein.
- Control and supervise the performance and activities of the internal auditor and the internal audit department in the Company, if any, to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to it.
- If the Company does not have an internal auditor, the committee shall submit its recommendation to the Board regarding the need for his appointment.
- Recommend to the Board of Directors the appointment of internal audit director unit or department or the internal auditor and suggest his remuneration.
- Recommending to the Board of Directors the nomination and removal of auditors, determining their fees and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.
- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into consideration the relevant regulations and standards.
- Reviewing the Company's external auditors plan, work and, verifying that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing its views on that.
- Responding to the queries of the Company's external auditors.
- Studying the external auditors report and their observations on the financial statements
- Reviewing the results of the regulatory authorities' reports and verifying that the Company has taken the necessary measures in this regard.
- Checking the Company's compliance with relevant laws, regulations, policies and instructions.
- Reviewing the contracts and transactions proposed to be conducted by the Company with the related parties, and submitting its views in this regard to the Board of Directors.
- Drafting a report on its opinion regarding the adequacy of the Company's internal control system and other duties undertaken within the scope of its competencies.

- Reporting to the Board of Directors any issues it deems necessary to take action on, and providing recommendations as to the steps to be taken.
- The audit committee shall be one of the committees emanating from the Board of Directors, and the committee shall consist of (3) three members from the shareholders or others, provided that at least one of them is an independent member, and that it shall not include any of the executives of the Board of Directors. Also, there must be among the members of the committee at least one member specialized in financial and accounting affairs, and it is not permissible for anyone who works or worked during the past two

years in the executive or financial management of the Company, or with the Company's auditor, to be a member of the audit committee, and the member is considered competent in Financial and accounting affairs in the event that he obtained a bachelor's degree in accounting or its equivalent and practical experience in the field of accounting and auditing of not less than seven years, reduced to five years if he obtained a fellowship from the Saudi Organization for Auditors and Accountants (SOCPA) and any similar professional qualification approved by the authority.

Audit committee members

No.	Name	Title
1	Suleiman bin Abdul Rahman Al-Quwaiz	Chairman
2	Hassan bin Shakib Al-Jabri	Member
3	Abdullah bin Omar Bawazir	Member

Schedule of the General Assembly meetings held during the fiscal year and the names of the members of the Board of Directors who attended them

In accordance with what was stipulated in Article (29) of the Company's By-Laws, the general assembly convenes at least once a year during the six months following the Company's fiscal year, and it is permissible to call for the regular general assembly to convene, whenever necessary. The following is a statement of the general assembly meetings held in 2022.

General Assembly of Shareholders (Extraordinary):

The first meeting was held online, on 1/6/2022 , after the quorum for the assembly meeting was completed, as the shareholder attendance rate 73.5%, and thus the meeting of the assembly is valid according to the Company's By-Laws and the relevant rules and regulations, and the presence of the following members of the Board of Directors :

Name.	Membership Classification	Attendees
Saleh bin Abdullah Almunajem	Chairman of the Board - Non-Executive	✓
Suleiman bin Abdul Rahman Al-Quwaiz	Vice Chairman - Independent	✓
Fahd bin Abdul Mohsen Al-Fatli	Managing Director - Executive	✓
Hassan bin Shakib bin Mur Al-Jabri	Board Member - Independent	✓
Abdullah bin Omar Bawazir	Board member - non-executive	✓
Mohammed bin Ibrahim Al-Ruwaite	Board member - non-executive	✓

The results of the Ordinary General Assembly (extraordinary) held on 01/06/2022 were the approval of the shareholders on all the items presented, and they are as follows:

1. Approving the amendment of Article 2 of the Company's bylaws related to the Company's name.
2. Approving the report of the Board of Directors for the fiscal year ending on 31/12/2021
3. Approval of the financial statements for the fiscal year ending on 31/12/2021
4. Approval of the auditor's report for the fiscal year ending 31/12/2021
5. Approving the release of the members of the Board of Directors from liability for the fiscal year ending on 31/12/2021
6. Approving the disbursement of amount of (750,000 Saudi Riyal) seven hundred and fifty thousand Saudi Riyal as a reward for the members of the Board of Directors for the fiscal year ending on 31/12/2021.
7. Approval of the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year ending on 31/12/2021 in the amount of (120,000,000 Riyal) one hundred and twenty million Saudi Riyal to shareholders at two Riyal per share, at a rate of 20% of the share capital, The eligibility for the dividends shall be for the shareholders registered

in the registers of the Securities Depository Center (Edaa) two days after the date of the Extraordinary General Assembly Meeting.

8. Approving the appointment of the Company's auditor, Messrs. KPMG, to review the Company's interim financial statements for the second and third quarters of the fiscal year 2022 and the first quarter of the fiscal year 2023 , and to review the annual financial statements) for the fiscal year ending on 31/12/2022 .
9. To approve the authorization of the Board of Directors to distribute interim profits on a semi-annual or quarterly basis for the fiscal year 2022 .
10. Approving the business transaction and contracts concluded between the Company and France Poultry. In which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahd bin Abdul Mohsen Al-Fadhli, and Mr. Abdullah Omar Bawazir have an indirect interest in it, which is the business of procurement of foodstuffs from France Poultry, and the value of these transactions during the year 2021 amounted to (475,702,504 Riyal). Saudi) four hundred and seventy-five million seven hundred and two thousand five hundred and four Saudi Riyal, noting that there are no preferential conditions in this business.
11. Approval of the business and contracts concluded between the Company and Al-Kafa'a Real Estate Company, in which the members of the Board of

Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahd bin Abdul Mohsen Al-Fadhli, and Mr. Abdullah Omar Bawazir have an indirect interest in them. And related to the Company renting sites and offices from Al-Kafaa Real Estate Company. The value of these transactions and contracts during the year 2021 (755,600 Saudi Riyal) amounted to seven hundred and fifty-five thousand and six hundred Saudi Riyal. Noting that there are no preferential conditions in these transactions.

12. Approving the business and contracts concluded between the Company and Abdullah Al-Ali Almunajem Sons Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahd bin Abdul Mohsen Al-Fadhli and Mr. Abdullah Omar Bawazir have an indirect interest. And related to the Company's eligibility for services, and the value of these transactions and contracts during the year 2021 (2,250,611 Saudi Riyal) amounted to two million, two hundred and forty thousand, six hundred and eleven Saudi Riyal. Note that there are no preferential conditions in these business transactions.
13. Approval of the business and contracts concluded between the Company and the Four Steps Foundation, in which a member of the Board of Directors, Mr. / Muhammad bin Ibrahim Al-Ruwaite, has a direct interest, and it is an agreement to provide marketing consultancy to the Company for a period of one year. The value of these works during the year 2021 (95.306 Riyal) Saudi Ninety-five thousand three hundred and six Saudi Riyal, noting that there are no preferential conditions in these business transactions.

Board meetings:

The Board of Directors held meetings during the year 2022, as shown in the following table:

Name.	Membership classification	Meetings	
		First meeting 27/03/2022	second meeting 10/11/2022
Saleh bin Abdullah Almunajem	Chairman of Board of Directors	✓	✓
Suleiman bin Abdul Rahman Al-Quwaiz	Vice Chairman of the Board	✓	✓
Fahd bin Abdul Mohsen Al-Fadhli	Managing Director	✓	✓
Hassan bin Shakib bin Murad Al-Jabri	Member of the Board of Directors	✓	✓
Abdullah bin Omar Bawazir	Member of the Board of Directors	✓	✓
Mohammed bin Ibrahim Al-Ruwaite	Member of the Board of Directors	✓	✓

Record of the Audit Committee meetings during the year 2022

Name.	title	Meetings				
		First meeting 18/11/2022	second meeting 15/03/2022	Third meeting 16/05/2022	Fourth meeting 17/08/2022	Fifth meeting 12/11/2022
Suleiman bin Abdul Rahman Al-Quwaiz	Chairman of the audit committee	✓	✓	✓	✓	✓
Hassan bin Shakib Murad al-Jabri	member	✓	✓	✓	✓	✓
Abdullah bin Omar Bawazir	member	✓	✓	✓	✓	✓

Record of the Nominations and Remuneration Committee meetings during the year 2022:

Name.	title	Meetings	
		First meeting 17/2/2022	second meeting 5/10/2022
Hassan bin Shakib Al-Jabri	Chairman of the Committee	✓	✓
Abdullah bin Omar Bawazir	member	✓	✓
Muhammad bin Ibrahim Al-Rawati	member	✓	✓

CEO

The CEO is responsible for the Company's overall financial and operational performance, the development and implementation of the Company's strategy, and the implementation of the Company's annual business plans approved by the Board of Directors. The CEO exercises his duties under the direct supervision of the Managing Director, and acts as a link between the Managing Director and the executive management of the Company.

Executive management

An overview of the executive management

The executive management of the Company consists of qualified members, both Saudis and non-Saudis, with international and local experience in the import, trade, marketing and export of frozen fruits and vegetables, chilled and frozen meat, and foodstuffs of various kinds. The chief executive's primary responsibility is to manage the Company's affairs and supervise its performance in line with the goals and directives of the board of directors and shareholders.

The senior management team consists of 10 members. Below is an overview of the experiences, qualifications, and current and previous positions of each member of the senior management:



His Excellency Engineer / Thamer bin Abdulaziz Abanumay
Chief Executive Officer of almunajem Food Company

Eng. Thamer is currently the CEO of the Company on the scientific level. He holds a Bachelor's degree in Mechanical Engineering from the College of Engineering at King Saud University.

Eng. Thamer has more than 25 years of experience in various fields and sectors. Before assuming the position of CEO, he held the position of Executive Director in Almarai Company during 2017. He also held several leadership positions in SABIC and Al-Rajhi Industrial Group, and a board member in the Saudi Petrochemical Company (Saf). He is also a member of the Marketing Committee in the Board of Directors from 2012 to 2015.

Mr. Abanumay has extensive experience in trading, marketing, sales and global business management.



Mr. / Muhammad Salman Mehmood
Chief Financial Officer of almunajem Food Company

Mr. Mohammed was appointed in February 2023: Mr. Mohammed has great experience in accounting and auditing management. Before joining Almunajem, he held the position of financial controller in the Olayan Group's General trading Company for two and a half years. He also worked for Deloitte & Touche as an external auditor in the Kingdom of Saudi Arabia, Pakistan and Qatar for more than 10 years. Mr. Mohamed holds the membership of a certified accountant in the Association of Certified Public Accountants issued by the British Association of Certified Public Accountants (ACCA).



Majed Mohammed Al-Bakhit
Director of Human Resources

Mr. Majed joined Almunajem Company in March 2015, where he successfully led many roles and responsibilities. He has more than years of experience in the field of human resources and held several positions in other companies. Mr. Majed holds an Executive Master's degree in Business administration in leadership and International Management from Al-Yamamah University .



Rabih Bouzeineddine
Chief Information Officer

Mr. Rabih joined Almunajem Company in September 2007, and has an experience of more than 30 years. He held several positions before joining, including working as an executive management consultant at Al-Issar Technology Company in Cana. He also worked as an information systems manager for North America at Mid-Westphaco Company (now known as West Rock), and held the position of Director of the Computing Services Team at General Electric Balance Company, and also held several positions in the field of teaching, including Assistant Professor of Computer Science at the University of New Hampshire in the United States of America. On the scientific level, Mr. Rabih holds a Bachelor's degree in Computer Science Automated University of Eastern New Mexico in the USA.



Mazen Abdel Wahid
Director of Internal Audit Department

Mr. Mazen has more than 20 years of experience in the field of auditing and manages a comprehensive program of internal auditing in the Company. He joined Almunajem in December 2016 and before joining he held several positions in Ernst & Young, and also worked in the internal auditing department at Aras.M. Richer in Cana. Mr. Mazen holds a Bachelor's degree in Commerce from Beirut Arab University in Lebanon. Mr. Mazen is licensed as a certified internal auditor from the Institute of Certified Internal Auditors in the United States of America. He holds a fraud detection expert certificate and also a certified management accountant fellowship issued by the Institute of Management Accountants in the United States of America (IMA)



Mohammed Ali Almunajem
Support Services Director

Mr. Mohammed has been appointed as the Director of Support Services at Almunajem Company March 2010, and prior to that, he held several positions in the Company, Director of administrative Affairs and Human Resources, also Director of Almunajem Food Company Branch, and other positions in the various business units of the Company since joining it in 1986 .



Mustapha Mohsen Fawaz
Sales Director

Mr. Mustafa was appointed as Sales Manager in October 2014 and held several positions since joining the Company in 2009, before being appointed as Sales Manager in the Company: Mr. Mustafa holds a Bachelor's degree in Business ministration from the American University of Beirut, he held several positions in different companies in the food sector Of which, he held the position of Managing Director at Posiedon Sarl Company in Lebanon and also the position of Sales Director at Alex GB Company in Egypt.



Ali Fayez Khreis
Supply and Logistics Director

Eng. Ali joined the Company in 2009 and assumed the position of Manager of Supplies and Logistics Support in November 2011. He has extensive experience in managing warehouse operations and building management systems. He also holds a Bachelor's degree in Communication Engineering Sciences from Lebanese International University.



Mohamed Attia Abdel Hadi
Quality Assurance Manager

Mr. Mohamed successfully held various managerial positions and assumed the position of Director of Quality Management in the Company in June 2011. Prior to joining Almunajem Company, he held many positions in other companies. Mr. Mohamed also holds a Bachelor's degree in Agricultural Sciences from Ain Shams University, Cairo, Egypt.



Mazen Abdul Ghani El Danab
Procurement Director

Mr. Mazen holds a master's degree in Business Administration from the Lebanese American University. He joined Almunajem Company in 1998. He held several positions in the Company, including Sales Director of Direct Distribution Departments, Sales Director of Direct Distribution and Food Services Departments, and was appointed as Purchasing Manager in July 2014.

Ownership of senior executives:

Members	Notes	Share ownership		
		Opening Balance (Jan 2022)	Closing Balance (Dec 2022)	percentage change
Eng. Thamer bin Abdulaziz Abanumay	0	0	0	-
Muhammad Salman Mehmood	0	0	0	-
Mohammed Ali Almunajem	Indirect ownership	870,000	870,000	0
Mazen Abdul Ghani El Danab	0	0	0	-
Mostapha Mohsen Fawaz	0	0	0	-
Eng. Ali Fayez Khreis	0	0	0	-
Majed Mohammed Al-Bakhit	0	0	0	-
Mohamed Attia Mohamed Abdel Hadi	0	0	0	-
Mazen Abdel Wahid	0	0	0	-
Rabih Bouzeineddine	0	0	0	-

The salaries and bonuses of five senior executives, including the Chief Executive Officer and the Chief Financial Officer, during the year 2022.

Fixed remuneration					Variable remuneration								
	Salaries	Allowances	In-Kind benefits	Total	Periodic rewards	profits	Short term incentive plans	Long term incentive plans	Granted shares	Total	end of service award	Total executive remuneration for the board (if any)	Total
2022	3,874,577	526,296	-	4,400,873	830,620	-	-	-	-	830,620	384,353	-	5,615,846
2021	3,979,830	505,236	-	4,485,066	1,165,500	-	-	-	-	1,165,500	384,906	-	6,035,472

* Allowances include housing allowance and transportation allowance.

Number of the Company's requests for the shareholder register, and the dates and reasons for those requests:

The shareholders' register has been requested from the Securities Depository Center Company (Ebdaa) twice during the year 2022. The following is a statement of the request dates and reasons:

number of Company's requests for register of shareholders	date of application	Reasons for request
1	28-3-2022	other
2	1-6-2022	General Assembly

Company's announcements on Tadawul during 2022:

Almunajem Foods Company announced a number of strategic events and activities that it implemented during the year 2022.

The most important events, activities and strategic decisions have been listed on the official website of the Saudi stock market (Tadawul) and on the Investor Relations page on the Company's website.

The Company issued a total of 16 announcements to investors, and we include below a summary of each of them, classified according to the date, type and topic of the announcement:

No.	Date	Type of Announcement	Title of Announcement
1	21/3/2022	financial results	Almunajem Foods Company announces the annual financial results for the period ending on 31/12/2022 (twelve months).
2	27/3/2022	Notice to Shareholders	Almunajem Foods Company announces the distribution of cash dividends to shareholders for the year 2021.
3	11/4/2022	financial results	Almunajem Foods Company announces the preliminary (estimated) financial results for the period ending on 31/03/2022 (three months).
4	11/5/2022	Invitation to the General Assembly	Almunajem Foods Company announces to invite its shareholders to attend the Extraordinary General Assembly Meeting (first and second meeting after an hour).
5	16/5/2022	Invitation to the General Assembly	Addendum announcement from Almunajem Foods Company regarding raising again some of the attachments of the invitation to the General Assembly of Shareholders.
6	19/5/2022	financial results	Almunajem Foods Company announces the interim financial results for the period ending on 31/03/2021 (three months).
7	29/5/2022	Invitation to the General Assembly	Almunajem Foods Company announces the start of electronic voting on the agenda of the Extraordinary General Assembly Meeting (first and second meetings after an hour) (reminder announcement).
8	30/5/2022	Notice to Shareholders	Almunajem Foods Company announces the imposition of a 'temporary suspension' on one of the poultry product groups.
9	2/6/2022	Notice to Shareholder	Almunajem Foods Company announces the results of the Extraordinary General Assembly Meeting (First Meeting).
10	5/6/2022	Notice to Shareholders	Almunajem Foods Company announces the date of 'distributing profits to the Company's shareholders for the fiscal year 2021.

No.	Date	Type of Announcement	Title of Announcement
11	14/6/2022	Notice to Shareholders	Almunajem Foods Company announced the signing of a new banking facilities agreement.
12	22/6/2022	Notice to Shareholders	Addendum announcement here Almunajem Foods Company regarding the Food and Drug Authority lifting temporary suspension on one of the poultry groups.
13	18/7/2022	Notice to Shareholders	Almunajem Foods Company announces the distribution of cash dividends to shareholders for the first half of the year 2022.
14	19/7/2022	financial results	Almunajem Foods Co. announces its preliminary high results (estimated) for the period ending on 30-06-2022 (six months).
15	21/8/2022	Financial results	Almunajem Foods Company announces its preliminary high results for the period ending on 30-06-2022 (Six months).
16	6/11/2022	Financial results	Almunajem Foods Company announces its preliminary high results for the period ending on 30-09-2022 (Nine months).

Share Performance Data (in Saudi Riyal)

Share price	Share price	52-week	52-week
December 31, 2022	December 31, 2021	High	Low
61.40	58.10	76.50	55.70

Almunajem Share Performance during 2022



Dividend :

Description of the Company's dividend policy

According to the Company's By-Laws, the Company's annual net profits are distributed as follows:

1. 10% of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may stop the set aside when the aforementioned reserve reaches 30% of the paid-up capital.
2. The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a percentage of the net profits to form additional reserve to be allocated for a specific purpose or purposes.
3. The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders.
4. The Ordinary General Assembly may then distribute the remainder to the shareholders of the Company.
5. The Company may distribute interim profits to its shareholders on a semi-annual or quarterly basis after fulfilling the controls and requirements issued by the Capital Market Authority.

Accrual of profits

The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the date of maturity and the date of distribution.

Dividends for 2022:

Announcement date	Due date	Distribution date	Distribution method	Ratio of distribution to nominal share value	Amount per share (SR)
27/03/2022	1/06/2022	12/6/2022	Transfer to account	20%	2
18/07/2022	31/07/2022	14/8/2022	Transfer to account	12.5%	1.25

Legal payments

Legal organization	Description	Reason	2022 SR	2021 SR
General Authority of Saudi Customs	Amounts paid or deducted as customs duties on imports and ports	Government requirement	221,877,122	187,023,980
General Authority for Zakat and Income	Amounts paid as zakat, withholding tax, income tax, and value-added tax expenses in accordance with various laws	Government requirement	382,848,326	366,676,654
General Organization for Social Insurance	Amounts paid or charged as 'social insurance' expenses, according to the Saudi Labor Law	Government requirement	5,554,358	5,494,209
Other legal organizations	Amounts paid or charged according to the various other rules	Government requirement	12,495,060	14,841,966

Sanctions and penalties

No sanctions or penalties were imposed on Almunajem Food Company during the year 2022 by any supervisory, regulatory or judicial Authority.

Internal Audit Results, Report on the Effectiveness of Internal Control Procedures:

The audit committee is responsible for monitoring the Company's business independently, verifying the accuracy and transparency of reports and financial statements, the internal control system and accounting policies of the Company, and supervising the work of internal auditing and external auditors, in accordance with the Company's By-Laws and relevant government regulations.

In the presence of the members of the Committee, the management of the Company, and the auditor, Messrs. Ernst & Young (EY) (for the first quarter of 2022) and the auditor, Messrs. KPMG (for the second and third quarters of 2022), the Company's financial performance for the first, second and third quarters of the year 2022 was discussed and obtaining a sufficient understanding regarding the changes in the financial results from the Company's management, in addition to discussing and reviewing the financial statements for the first quarter, the second quarter, and the third quarter of the year 2022 with the auditors, and reviewing the examination reports submitted by the auditors and recommending their approval after the committee is sure of the adequacy and integrity of the accounting policies used and the disclosures in the financial statements.

The committee also reviewed the internal audit reports issued during the year 2022 and followed up with Internal Audit Department on the implementation of its recommendations regarding corrective measures, in addition to briefing the committee on the results of the internal audit plan during the year 2022 and the percentage of work implementation in accordance with the prepared plan.

Suleiman bin Abdul Rahman Al-Quwaiz
Chair of audit committee

Internal and financial control system and opinion of committee:

The controls and their effectiveness are extremely important in achieving the objectives of the Company and the management of the Company is responsible for preparing a comprehensive and effective system of internal control. Therefore, the internal controls system is designed to give reasonable assurance avoiding financial errors and related losses.

Based on the work carried out during the Committee's meetings in the year 2022, the Committee did not find that there are substantial observations related to the effectiveness of the internal control system and procedures in the Company that have a significant impact that requires disclosure. The Committee believes that the Company has a reasonably effective internal control system in terms of design and implementation.

Recommendation of the audit committee regarding the need to appoint an internal auditor for the Company, in the absence of an internal auditor.

The Company has internal auditors.

Recommendations of the Audit Committee that contradict the decisions of the Board of Directors, or the decisions rejected by the Board that relate to the appointment, dismissal, evaluation or reward of an external auditor, in addition to the reasons for these recommendations, and the reasons for rejection.

In 2022, there was no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors. The Chairman of the Board directs the members of the Board on an ongoing basis regarding the implementation of the Company's goals in a team spirit.

A summary in the form of a table or graph showing the assets and liabilities of the Company and the results of the last five fiscal years or since the date of incorporation, whichever is less:

	2018	2019	2020	2021	2022
Assets	967,608	1.023.108	1.069.849	1.297.970	1,484,349
Liabilities	489,229	559.408	429.398	493.234	583,837
Sales	2,497,345	2.419.060	2.538.454	2.577.024	2,978,523
Net profit	149,475	109.165	229.679	166.092	290,202

Conflict with standards approved by the Saudi Organization for Certified Public Accountants:

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and directives issued by the Saudi Organization for Certified Public Accountants.

Description of any contractual interest or securities or the issuance of priority rights to members of the Board of Directors, senior executives and their relatives in shares or debt instruments of the Company or its subsidiaries, and any change in this interest or rights during the last fiscal year.

There has been no transfer of rights or initial public offering under convertible debt instruments or any securities, underwriting contractual rights or similar rights issued or granted by the Company.

Description of any transfer or subscription rights under any convertible debt instruments, contractual securities, warrants or similar rights issued or granted by the Company

There are no transfer or subscription rights under any transferable debt instruments, contractual securities, notes or similar rights issued or granted by the Company during the year 2022 .

Description of any redemption, purchase or cancellation by the Company relating to any of the redeemable debt instruments and their value, distinguishing between the listed securities purchased by the Company and those purchased by its subsidiaries

There was no redemption, purchase or creation by the Company of recoverable debt instruments during the year 2022

The procedures taken by the Board of Directors to introduce its members, specifically the non-executive members of the Board of Directors. On the suggestions and observations of the shareholders on the Company and its performance

The Board of Directors takes care of all the notes of the Company's shareholders related to the Company and its performance: During the first quarter of the year 2022 , a department was created to receive all notes and inquiries, and they are dealt with and dealt with immediately or to be referred directly to the executive management and the board of directors immediately for consideration.

The Company also harnessed all channels of communication with the shareholders or those wishing to inquire about everything related to the Company through Email: IR@almunajemfoods.com

And email: info@almunajemfoods.com

They can also communicate by phone: +966114755555

So that investors can contact the Company's shareholder and investor relations department to share their concerns, questions and their feedback

In addition, the Company intends to invite its esteemed shareholders, investors and research analysts, for a meeting that will be determined later.

Where applicable, the means used by the Board of Directors to evaluate its performance, the performance of its committees and members, and the external entity that carries out the evaluation and its relationship with the Company, if any.

The mine shares were offered for mining in the main market at the end of the year 2021 . The Board of Directors has replaced the Nominations and Marks Committee of the Board by conducting referral evaluations and the performance of members and committees for the year 2022 .

During the current year, the boards of directors are studying the possibility of basing this evaluation for the year 2023 on an independent external basis.

A table showing any interest in a class of shares eligible for voting owned by persons other than the Company's managers, senior executives and their relatives (who have informed the Company of their ownership) in accordance with Article 45 of the Listing Rules, in addition to any change in these rights during the past fiscal year

The Company did not receive any notification related to the interests of persons other than members of the Board of Directors and senior executives regarding shares eligible to vote, or a vote of change in those rights during the year 2022. The members of the Board of Directors and the Executive Management shall disclose their membership in other companies, in addition to the relevant provisions of regulations.

Information about any risks facing the Company (operational, financial or market-related) and the policy for managing and monitoring these risks

The Company assumes health in all: It believes that it may be one of the risk factors that may face its high operational business or risks related to the market: These risks have been covered in detail in the Report

The Board of Directors is also keen to follow up on these factors and discuss all ways to reduce them as much as possible, as it discusses these factors in all Board meetings and as a fixed item in all Board meetings.

Description of any arrangement or agreement under which a shareholder waives his rights to dividends

None of the Company's shareholders reported any dividends in 2022

If the report of the external auditor includes reservations about the annual financial statements, the report of the Board of Directors should refer to them, stating the reasons and any relevant information

There are no reservations in the external auditor's report on the annual financial statements for the year ending in 2022

If the board of directors recommends changing the external auditor before the end of the term for which he was appointed, this must be explained in the report, along with the reasons for recommending the change.

Messrs. KPMG has been appointed as the Company's external auditor by virtue of the decision of the extraordinary and complex general assembly on 01/06/2022 to carry out work to examine the Company's financial statements for the second and third quarters of the fiscal year 2022 and the first quarter of the fiscal year 2023 and review the annual financial statements For the fiscal year ending on 31/12/2022: The Board of Directors did not recommend even the one who changed the auditor before the end of the period for which you did not appoint him.

Unless applied by the provisions of the Corporate Governance Regulations issued by the Capital Market Authority; And the reasons for that:

The Company has applied all the provisions contained in the corporate governance regulations issued by the Capital Market Authority, with the exception of the provisions mentioned below:

Article/ paragraph number	Paragraph/article text	Paragraph/article type	Reason
39	Staff training	indicative	The Company has its own plan (training employees in various departments)
70	Formation of the risk committee	indicative	The Board of Directors exercises the functions of monitoring risks on an ongoing basis; As of 2-22pm, 'factors have been discussed risks in all board meetings
83	Organizing the relationship with the therapist owners	indicative	Mentioned in the Company's articles of association and work according to them
84	Reporting violating practices	mandatory	Mentioned in the Company's governance policy and guide
85	Motivation of employees	indicative	The Company has its own plan to motivate workers; It is worth noting that motivating employees and the application mechanism Within the competence of the Remuneration and Nomination Committee of the Council.
88	Social initiatives	indicative	The Company has some social initiatives and they are implemented without specific programs or indicators for measurement
95	Formation of the governance committee	indicative	The Company does not see the need to form a governance committee at the present time, and the Company will comply with this article when needed

FINANCIAL STATEMENTS AND AUDITORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022





KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663

Kingdom of Saudi Arabia
Commercial Registration No.
1010425494
Headquarters in Riyadh

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALMUNAJEM FOODS COMPANY

(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Almunajem Foods Company (A Saudi Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public 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 Financial Statements section of our report. We are independent of the Company 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 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 (continued)

To the Shareholders of Almunajem Foods Company
(continued)

Revenue recognition

With reference to Note (4) of the accounting policy related to revenue from contracts with customers, as well as Note (14) related to disclosure of contracts with customers.

Key audit matter

The Company's revenue for the year ended 31 December 2022 is SR 2,978 million (2021: SR 2,577 million).

Revenue is recognized in accordance with International Financial Reporting Standard 15 – Revenue from Contracts with Customers ("IFRS 15") which requires taking into account rebates and discounts given to customers on the Company's sales.

The recognition of promotions and customer rebates depends on the performance criteria under each commercial contract. This area is key to our audit as the estimates of recognized allowances and discounts involve judgment and have an impact on reported revenue and accordingly, revenue recognition has been considered a key audit matter.

How the matter was addressed in our audit

Our audit procedures performed included, among other audit procedures, the following:

- Assessed the Company's revenue recognition accounting policies for compliance with the requirements of IFRS 15.
- Evaluated key contractual, returns, and rebates arrangements by considering relevant documentation and agreements with the customers.
- Recalculated discounts and rebates for a sample of customers according to their agreements.
- Evaluated the design and implementation and tested the operating effectiveness of relevant controls (including relevant IT general and application controls) over the revenue cycle.
- Selected a sample of sales transactions taking place during the year and inspected the supporting documents to ensure they were recognized at the correct amounts.
- Inspected a sample of sales transactions recorded before and after the year-end to assess whether revenue was recorded in the correct accounting period.
- Performed variance analysis by comparing the current year's revenue with the historical trend, and discussed material variances, if any.
- Assessed the adequacy of the relevant disclosures in accordance with the requirements of IFRS 15 included in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALMUNAJEM FOODS COMPANY (CONTINUED)

Provision for expected credit losses in respect of trade receivables

With reference to Note (4) of the accounting policy related to the recognition of expected credit loss, as well as Note (11) related to the disclosure of the expected credit loss.

Key audit matter	How the matter was addressed in our audit
<p>As of 31 December 2022, the Company's gross trade receivables amounted to SR 260.16 million against which a provision for expected credit losses of SR 13.8 million is maintained.</p> <p>The Company applies a simplified approach in calculating the expected credit losses (ECL) as required by International Financial Reporting Standard 9 – Financial Instruments ("IFRS 9") to calculate the provision for expected credit losses in respect of trade receivables.</p> <p>We considered this as a key audit matter as it involves complex calculations and the use of assumptions by management in addition to the materiality of the amounts involved.</p> <p>Refer to notes 4 and 5 for the accounting policy and estimates related to the provision for expected credit losses and notes 11 and 26.3 for the related disclosures.</p>	<p>Our audit procedures performed included, among other audit procedures, the following:</p> <ul style="list-style-type: none"> Assessed the design, implementation, and operating effectiveness of the key controls over the following: Recording of trade receivables Trade receivables aging report Assessed significant assumptions, including loss rates and those relating to future economic events that are used to calculate the expected credit loss. Tested the mathematical accuracy of the ECL model. Assessed the adequacy of the relevant disclosures included in the financial statements. Engaged our specialists to review the approach used in the expected credit loss model, to assess its suitability for the Company's activity.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALMUNAJEM FOODS COMPANY (CONTINUED)

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 Sha'ban 1443H (corresponding to 27 March 2022).

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 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 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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, the Company's By-Laws and for such internal control as

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the 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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALMUNAJEM FOODS COMPANY (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Almunajem Foods Company ("the Company").

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

Fahad Mubark Aldossari

License No. 469

Riyadh on 1444H

Corresponding to: 2023

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 SAR	2021 SAR
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	8	272,307,365	286,736,574
Intangible assets	9	1,521,585	2,910,115
Right-of-use assets	7	46,629,990	48,433,604
TOTAL NON-CURRENT ASSETS		320,458,940	338,080,293
CURRENT ASSETS			
Inventories	15	661,654,675	486,497,539
Trade receivables	11	246,382,666	219,833,980
Due from related parties	13 -a	6,968,013	10,071,137
Prepayments and other assets	12	137,855,287	157,962,097
Cash and cash equivalent	10	111,029,404	85,525,433
TOTAL CURRENT ASSETS		1,163,890,045	959,890,186
TOTAL ASSETS		1,484,348,985	1,297,970,479
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	16- a	600,000,000	600,000,000
Statutory reserve	16- b	68,597,256	39,577,074
Actuarial valuation reserve	17	(4,972,434)	(5,545,632)
Retained earnings		236,886,901	170,705,262
TOTAL SHAREHOLDERS' EQUITY		900,511,723	804,736,704
NON-CURRENT LIABILITIES			
Lease liabilities	7	40,749,176	43,127,109
Employees' defined benefit liabilities	17	48,263,214	45,159,785
TOTAL NON-CURRENT LIABILITIES		89,012,390	88,286,894
CURRENT LIABILITIES			
Lease liabilities	7	8,205,016	6,975,731
Zakat payable	20	18,840,788	14,802,310
VAT payable		24,279,790	25,712,519
Trade payables, accruals, and others	18	443,487,711	357,259,611
Due to related parties	13-b	11,567	196,710
TOTAL CURRENT LIABILITIES		494,824,872	404,946,881
TOTAL LIABILITIES		583,837,262	493,233,775
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,484,348,985	1,297,970,479

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 SAR	2021 SAR
Revenue	14	2,978,522,624	2,577,023,654
Cost of revenue	15	(2,390,458,132)	(2,135,649,691)
GROSS PROFIT		588,064,492	441,373,963
Selling and distribution expenses	21	(257,941,539)	(235,052,178)
General and administrative expenses	22	(25,421,159)	(23,038,080)
Provision for expected credit losses	11	(2,658,491)	(4,402,885)
Other income	23	9,109,914	5,636,748
OPERATING PROFIT		311,153,217	184,517,568
Finance costs, net	24	(1,920,096)	(3,759,006)
PROFIT BEFORE ZAKAT FOR THE YEAR		309,233,121	180,758,562
Zakat	20	(19,031,300)	(14,666,582)
PROFIT FOR THE YEAR		290,201,821	166,091,980
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of employees' defined benefit liabilities	17	573,198	(1,806,219)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		290,775,019	164,285,761
EARNINGS PER SHARE			
Earnings per share attributable to ordinary equity holders of the Company (basic and diluted)	26	4.84	3.10

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital SAR	Proposed increase in capital SAR	Statutory reserve SAR	Actuarial valuation reserve (note 17) SAR	Retained earnings SAR	Total SAR
As at 1 January 2021	150,000,000	450,000,000	22,967,876	(3,739,413)	21,222,480	640,450,943
Profit for the year	-	-	-	-	166,091,980	166,091,980
Other comprehensive loss	-	-	-	(1,806,219)	-	(1,806,219)
Total comprehensive income	-	-	-	(1,806,219)	166,091,980	164,285,761
Proposed increase in capital (note 31)	450,000,000	(450,000,000)	-	-	-	-
Transfer to statutory reserve	-	-	16,609,198	-	(16,609,198)	-
As at 31 December 2021	600,000,000	-	39,577,074	(5,545,632)	170,705,262	804,736,704
Profit for the year	-	-	-	-	290,201,821	290,201,821
Other comprehensive gain	-	-	-	573,198	-	573,198
Total comprehensive income	-	-	-	573,198	290,201,821	290,775,019
Dividends (note 27)	-	-	-	-	(195,000,000)	(195,000,000)
Transfer to statutory reserve	-	-	29,020,182	-	(29,020,182)	-
As at 31 December 2022	600,000,000	-	68,597,256	(4,972,434)	236,886,901	900,511,723

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022



STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 SAR	2021 SAR
OPERATING ACTIVITIES			
Profit before zakat		309,233,121	180,758,562
Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities			
Depreciation of right-of-use assets	7	9,030,954	8,107,547
Depreciation of property, plant and equipment	8	28,518,970	26,460,299
Amortization of intangible assets	9	1,388,530	1,555,959
Interest on lease liabilities	24	1,301,176	1,242,512
Interest on employees' defined benefit	24	1,366,587	932,203
Interest charged on short term loans	24	259,833	1,584,291
Allowance for expected credit losses on trade receivables	11	2,658,491	4,402,885
Provision for slow moving & obsolete items	15	500,000	500,000
Write off of intangible assets		-	47
Gain on disposal of property, plant and equipment	23	(2,161,016)	(3,463,093)
Employees's defined benefit expense	17	4,462,705	4,328,521
CASH GENERATED FROM OPERATING ACTIVITIES		356,559,351	226,409,733
WORKING CAPITAL ADJUSTMENTS:			
Trade receivables		(29,207,177)	(23,472,741)
Prepayments and other assets		20,106,810	(71,504,835)
Inventories		(175,657,136)	(67,004,960)
Trade payables, accruals, and others		86,129,340	175,060,881
VAT payable		(1,432,729)	516,225
Due to related parties		(185,143)	9,396
Due from related parties		3,103,124	412,319
		259,416,440	240,426,018
Finance costs paid		(1,243,826)	(2,816,630)
Employees' defined benefit liabilities paid	17	(2,152,665)	(1,575,363)
Zakat paid	20	(14,992,822)	(5,150,181)
NET CASH FROM OPERATING ACTIVITIES		241,027,127	230,883,844
INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment	8	(14,298,657)	(32,451,354)
Proceeds from disposal of property, plant and equipment	8	2,369,912	3,751,232
Payments for purchase of intangible assets	9	-	(200,549)
NET CASH USED IN INVESTING ACTIVITIES		(11,928,745)	(28,900,671)
FINANCING ACTIVITIES			
Repayment lease liabilities	7	(8,594,411)	(8,363,969)

Statement of Cash Flows Continued

For the year ended 31 December 2022

	Notes	2022 SAR	2021 SAR
Proceeds from short term loans	19	330,000,000	3,080,000,000
Repayment of short-term loans	19	(330,000,000)	(3,208,000,000)
Dividends paid	27	(195,000,000)	-
NET CASH USED IN FINANCING ACTIVITIES		(203,594,411)	(136,363,969)
Increase cash and cash equivalent		25,503,971	65,619,204
Cash and cash equivalent at the beginning of the year	10	85,525,433	19,906,229
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	10	111,029,404	85,525,433
NON-CASH TRANSACTIONS:			
Transfer of proposed increase in share capital to share capital		-	450,000,000
Right of use assets		7,227,340	9,595,226
Lease liability		7,227,340	9,595,226

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman

1. ORGANISATION AND ACTIVITIES

Almunajem Foods Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (KSA) under commercial registration numbered 1010231822, dated 7 Rabie Al Thani 1428H (corresponding to 24 April 2007). The registered address of the Company is located at Riyadh, P O Box 1544, Riyadh 11441, KSA.

The Company is a subsidiary of Abdullah Al Ali Almunajem Sons Company (the "Ultimate Parent") which is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010000565 dated 11 Dhu Al-Qidah 1376H (corresponding to 10 June 1957). The registered address of the Parent is located at Riyadh, P O Box 2395, Riyadh 11451, KSA.

On 11 October 2020, the shareholders decided to go for an IPO. Also, the shareholders decided in their

meeting dated 2 November 2020 to convert the Company from Limited Liability Company to a Closed Joint Stock Company. In addition, the Company's name was changed from "Almunajem Cold Stores Company" to "Almunajem Foods Company" (A Saudi Closed Joint Stock Company). Legal formalities were completed on 17 February 2021.

As of 20 December 2021, 30% of the company's shares are listed at Saudi Stock Exchange (Tadawul). Moreover, 69.3% of the Company is owned by a main shareholder (Abdullah Al Ali Almunajem Sons Company) and 0.7% by another shareholder (AlKafaa Real Estate Company).

The Company is engaged in wholesale and retail trading in fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff, through its following branches:

Commercial Registration	Branch Location
1131026002	Burieda
2050059043	Dammam
4030176226	Jeddah
5855030212	Khamis Mushait
4650046753	Madina
3550027505	Tabouk
3350031238	Hail
2250045420	Ahsa
4031067309	Makkah
4032032800	Taif
5900017953	Jizan
1010401313	Riyadh
1010465454	Riyadh
4030291805	Jeddah
1010653210	Riyadh
3400119907	Sakaka

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

2.2 Judgments and estimates

The preparation of financial statements in conformity with the IFRS as endorsed in KSA requires the use

of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Refer to (Note 5).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost basis except for the employees' defined benefit liabilities, which has been measured in accordance with the projected unit credit method.

2.4 Going concern

The financial statements have been prepared on the going concern basis.

3. PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in Saudi Riyals (SAR) which is also the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are significant accounting policies applied in the preparation of these financial statements:

4.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- A. it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle.
- B. it holds the asset primarily for the purpose of trading.
- C. it expects to realise the asset within twelve months after the reporting date; or
- D. the asset is cash or a cash equivalent unless it is restricted from being exchanged or used to

settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current. A liability is current when:

- A. it expects to settle the liability in the entity's normal operating cycle.
- B. it holds the liability primarily for the purpose of trading.
- C. the liability is due to be settled within twelve months after the reporting date; or
- D. the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Company classifies all other liabilities as non-current.

4.2 Operating Profit

Operating profit is the result generated from the continuing principal revenue- activities of the Company as well as other income and expenses to operating activities. operating profit excludes net finance costs, and zakat.

4.3 Revenue from contracts with customers

The Company is in the business of wholesale and retail

trading of fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff.

Non-retail sales are related to sales to wholesale suppliers who typically buy in bulk and on the contrary, retail sales are related to sales to non-bulk customers.

The Company recognizes revenue according to IFRS 15, using the following five-steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue is income arising from the sale of goods in the ordinary course of the Company's activities, net of value added taxes. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of revenue) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Company applies the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price). All volume rebates are treated as discounts and the customers pay the net amount after discount.

The disclosures of estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in (note 5).

(ii) Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section financial instruments.

(iii) Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

4.4 Segmental reporting

An operating segment is a component: i) engaged in business activities from which it may earn revenue and incur expenses including revenue and expenses that relate to transactions with any of the Company's other components; ii) the results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment; and iii) for which financial information is discretely available. Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.5 Property, plant, and equipment

Property, plant, and equipment "PPE", except for freehold lands and capital work-in-progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Freehold lands are stated at cost, net of accumulated impairment

losses, if any. Such costs include the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

Freehold lands and capital work-in-progress are stated at cost net of accumulated impairment, if any and represents all costs relating directly or indirectly to the acquisition or construction of assets where acquisition or construction is in progress and will be transferred to relevant category of property, plant, and equipment once completed.

The cost less estimated residual value of remaining property, plant, and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use, as follows:

Category of property, plant, and equipment	Useful lives
Buildings	33.3 years
Plant and equipment	6.67 to 10 years
Furniture and fixtures	10 years
Computers	5 years
Motor vehicles	5 to 8 years

An item of property, plant, and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included

in the statement of profit or loss and other comprehensive income, in other income, when the asset is derecognised.

The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.6 Leases

Company as a lessee

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category of lease	Lease term
Land	20 years
Buildings and leasehold improvements	3 to 10 years
Motor vehicles	3 to 5 years

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) that depend on a rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Most of storage contracts are short term and renewed automatically.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

The Company applies an annual rate of amortization of 5 years to its computers' software and accounted for on a straight- line basis.

An intangible asset is derecognized on disposal (i.e., at the date the recipient obtains control), or when no future economic benefits are expected from use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in other income.

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The effective interest method is a method of calculating the amortised cost of a financial asset (or a group of financial assets) and of allocating the interest income or interest expense over the relevant period.

Bank balances and cash

Bank balances and cash comprise cash at banks and on hand and are subject to an insignificant risk of changes in value.

Trade receivable and other current financial assets

Trade receivables and other current financial assets are measured at amortized cost and comprise of trade receivables and other current financial assets.

Due from related parties

Amounts due from related parties are measured at amortized cost and paid within 30 to 45 days.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised

in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company does not have debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes financial assets which the Company had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the

Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk

since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at amortized cost and initial recognized at fair value.

All financial liabilities are recognised initially at fair value and, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Trade payables, and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not.

Short term loans and lease liabilities

Short term loans and lease liabilities are measured at amortized cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income in general and administrative expenses.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, including other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Goods in transit

Goods-in-transit are goods for resale or finished goods or raw materials that have been shipped by a supplier but have not yet been received by the buyer. The Company recognizes goods-in-transit in accordance with incoterms with suppliers. Goods-in-transit are recorded at landed cost included freight and insurance, if any.

4.11 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there

has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the statement of profit or loss and other comprehensive income.

4.13 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are

recorded in the financial statement under accounts payable and accruals. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4.14 Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is recognised in the statement of profit or loss and other comprehensive income. Zakat liability is estimated in the financial statements which is finally calculated at year end. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalized.

4.15 Withholding tax

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.16 Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.17 Dividends distribution

The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution. According to the Companies Law, dividends are approved upon approval by the shareholders. The corresponding amount is directly recognized in equity.

4.18 Employees' defined benefit obligations

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, and child education allowances that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented in accounts payable, accruals and other current liabilities in the statement of financial position.

Post-employment obligation

Defined benefit plans:

The Company primarily has end of service benefits which qualify as defined benefit plans.

Defined benefit obligation ("DBO") is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss and other comprehensive income.

DBO costs for periods are calculated on a year-to-date basis using the actuarially determined plan cost rate at the end of the prior year, adjusted for significant market fluctuations and for any significant one-off events, such as plan amendments, curtailments and settlements. In the absence of such significant market fluctuations and one-off events, the actuarial liabilities are rolled forward based on the assumptions as at the beginning of the year. If there are significant

changes to the assumptions or arrangements during the period, consideration is given to re-measure such liabilities.

Current and past service costs related to post-employment benefits are recognised immediately in the statement of profit or loss and other comprehensive income while unwinding of the liability at discount rates used are recorded as a finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

In the Kingdom of Saudi Arabia, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor law.

4.19 Statutory reserve

As required by Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net

profit in each year until it has built up a reserve equal to 30% of the capital. The reserve is not available for distribution.

4.20 Foreign currency transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Differences arising on settlement or translation of monetary items are recognised in cost of sales. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the next financial period,

are presented below. The Company used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Judgements

In the process of applying the Company's accounting policies, management has not made any judgements apart from those involving estimation, which has the most significant effect on the amounts recognised in the financial statements.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are

based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Economic useful lives of property and equipment and intangible assets

The useful lives of property, plant and equipment and intangible assets are estimated based on its economic and intangible assets and on the collective assessment of industry practice and experience with similar assets. The estimated useful lives of the property, plant and equipment and intangible assets are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in any of the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that includes extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of two buildings. The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and buildings with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the sale of the products with rights of return and volume rebates.

The Company has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns may not be representative of customers' actual returns in the future.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AAA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate

is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for Saudi Arabia. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and increases are based on expected future inflation rates for Saudi Arabia.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

1- There are no new standards issued. However, there are a number of amendments to standards that are effective from 1 January 2022. These do not have a significant impact on the financial statements.

Effective from	New Standards and Amendments
1 January 2022	Onerous contract – Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Amendments to IFRS
	Property, Plant and Equipment: Proceeds Before Intended Use (amendments to IAS 16).
	Reference to the Conceptual Framework (Amendments to IFRS 3)

2- New standards, amendments to standards and interpretations

There are standards issued but not yet effective as following:

The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

Effective for annual periods beginning on or after	New Standards and Amendments
1 January 2023	IFRS 17 Insurance Contracts*, including amendments Initial Application of IFRS 17
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements
	Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

7. LEASES

The Company has lease contracts for buildings, land and motor vehicles used in its operations. Generally, the Company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings SAR	Land* SAR	Motor vehicles SAR	Total SAR
As at 1 January 2021:	7,808,666	29,397,076	9,740,183	46,945,925
Additions	2,032,568	270,458	7,292,200	9,595,226
Depreciation expense	(1,592,135)	(1,562,505)	(4,952,907)	(8,107,547)
At 31 December 2021	8,249,099	28,105,029	12,079,476	48,433,604
Additions	1,445,815	-	5,781,525	7,227,340
Depreciation expense	(1,893,042)	(1,564,794)	(5,573,118)	(9,030,954)
BALANCE AT 31 DEC 2022	7,801,872	26,540,235	12,287,883	46,629,990

* This includes a lease contract with a shareholder. Refer to (note 13) for further details on related parties' transactions and balances.

Set out below are the carrying amounts of lease liabilities recognized and the movements during the year:

	2022 SAR	2021 SAR
As at 1 January	50,102,840	48,861,410
Additions	7,227,340	9,595,226
Accretion of interest (note 24)	1,301,176	1,242,512
Payments	(9,677,164)	(9,596,308)
As at 31 December	48,954,192	50,102,840
CURRENT	8,205,016	6,975,731
Non-Current	40,749,176	43,127,109

The classification of lease repayment is divided into capital repayment of lease liability of SAR 8,594,411 (2021: SAR 8,363,969) as a cash flow from financing activities and finance cost paid of SAR 1,301,176 (2021: SAR 1,242,512) as a cash flow from operating activities.

The following are the amounts recognized in profit or loss:

	2022 SAR	2021 SAR
Depreciation of right-of-use assets allocated to selling and distribution expenses	8,225,321	7,321,573
Depreciation of right-of-use assets allocated to general & administrative expenses	772,470	751,063
Depreciation of right-of-use assets allocated to cost of revenue	33,163	34,911
Interest expense on lease liabilities (note 24)	1,301,176	1,242,512
Expense relating to short-term leases (note 21)	1,423,032	1,427,680
The total amount recognized in profit or loss	11,755,162	10,777,739
Total cash out flow for lease	(11,100,196)	(11,023,988)
Repayment of lease liability	(9,677,164)	(9,596,308)
Repayment for short term lease	(1,423,032)	(1,427,680)

The Company has two lease contracts that include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether this extension option is reasonably certain to be exercised.

8. PROPERTY, PLANT, AND EQUIPMENT

Cost:	Freehold lands SAR	Buildings SAR	Plant and equipment SAR	Furniture and fixture SAR	Computer SAR	Motor vehicles SAR	* Construction work in progress SAR	Total SAR
At 1 January 2021	72,462,268	180,511,753	120,699,825	20,201,033	13,925,886	105,159,559	1,572,201	514,532,525
Additions	-	5,776,404	14,449,117	2,246,538	715,369	9,263,926	-	32,451,354
Disposals	-	-	(467,000)	(90,492)	(754,367)	(8,381,821)	-	(9,693,680)
Disposal to a related party (note13)	-	-	-	-	-	(668,944)	-	(668,944)
Transfer	-	-	-	-	-	1,572,201	(1,572,201)	-
At 31 December 2021	72,462,268	186,288,157	134,681,942	22,357,079	13,886,888	106,944,921	-	536,621,255
Additions	-	373,569	3,377,856	2,261,468	1,107,886	5,790,884	1,386,994	14,298,657
Disposals	-	-	(969,232)	(106,844)	(216,239)	(8,935,050)	-	(10,227,365)
At 31 December 2022	72,462,268	186,661,726	137,090,566	24,511,703	14,778,535	103,800,755	1,386,994	540,692,547
Depreciation:								
Atn 1 January 2021	-	46,200,882	87,370,629	12,671,246	11,382,512	75,873,598	-	233,498,867
The charge for the year	-	5,525,778	8,647,390	1,535,500	807,522	9,944,109	-	26,460,299
Disposals	-	-	(466,999)	(81,945)	(751,631)	(8,111,741)	-	(9,412,316)
Disposal to a related party (note 13)	-	-	-	-	-	(662,169)	-	(662,169)
At 31 December 2021	-	51,726,660	95,551,020	14,124,801	11,438,403	77,043,797	-	249,884,681
The charge for the year	-	5,599,501	10,109,208	1,732,064	908,491	10,169,706	-	28,518,970
Disposals	-	-	(969,223)	(84,634)	(213,782)	(8,750,830)	-	(10,018,469)
At 31 December 2022	-	57,326,161	104,691,005	15,772,231	12,133,112	78,462,673	-	268,385,182
Net book value:								
At 31 December 2022	72,462,268	129,335,565	32,399,561	8,739,472	2,645,423	25,338,082	1,386,994	272,307,365
At 31 December 2021	72,462,268	134,561,497	39,130,922	8,232,278	2,448,485	29,901,124	-	286,736,574

*The Property, plant, and equipment balance as of 31 December 2022 includes construction work in progress related to a expansion of meat factory located in Jeddah city and with an amount of SAR 1,386,994 (31 December 2021: Nil).

- Buildings with net book value amounting to SAR 24.6 million (31 December 2021: SAR 25.7 million) are constructed on land leased from a related party under long-term lease for a period of 20 years from 1 January 2020.
- Building with a net book value amounting to SAR 12.9 million (31 December 2021: SAR 13.4 million) is constructed on land leased from Saudi Industrial Property Authority (Modon) for a period of 20 years from 26 March 2018 (corresponding to 9 Rajab 1439 H). The Company has the option of renewing the lease agreement on the expiry of the initial lease term based on the new terms and conditions to be agreed on that time.

Depreciation charge for the year is allocated as follows:

	2022 SAR	2021 SAR
Cost of revenue	3,911,406	2,636,809
Selling and distribution expenses (note 21)	24,173,845	23,381,744
General and administrative expenses (note 22)	433,719	441,746
	28,518,970	26,460,299

9. INTANGIBLE ASSETS

	Computer software SAR
Cost:	
At 1 January 2021	24,113,840
Additions	200,549
Write off	(1,406)
At 31 December 2021	24,312,983
Additions	-
At 31 December 2022	24,312,983
Amortization:	
At 1 January 2021	19,848,268
Charge for the year	1,555,959
Write off	(1,359)
At 31 December 2021	21,402,868
Charge for the year	1,388,530
At 31 December 2022	22,791,398
Net book value:	
At 31 December 2022	1,521,585
At 31 December 2021	2,910,115

Amortization charge for the year is allocated as follows:

	2022 SAR	2021 SAR
General and administrative expenses (note 22)	1,156,672	1,347,462
Selling and distribution expenses (note 21)	231,858	208,497
	1,388,530	1,555,959

10. CASH AND CASH EQUIVALENT

	2022 SAR	2021 SAR
Cash at banks	65,798,554	82,651,450
Short term deposit *	40,000,000	-
Cash on hand	5,230,850	2,873,983
	111,029,404	85,525,433

At 31 December 2022, the Company had available SAR 290,000,000 (31 December 2021: SAR 520,000,000) of undrawn committed borrowing facilities.

* Cash and cash equivalents include Islamic short term deposit with maturity of less than three months.

11. TRADE RECEIVABLES

	2022 SAR	2021 SAR
Trade receivables	260,164,096	230,965,617
Less: Provision for expected credit losses	(13,781,430)	(11,131,637)
	246,382,666	219,833,980

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on terms from 15 to 60 days. It is not the practice of the Company to obtain collateral over receivable.

The movement in the provision for expected credit losses during the years ended 31 December was as follows:

	2022 SAR	2021 SAR
At the beginning of the year	11,131,637	6,806,409
Provision for expected credit losses	2,658,491	4,402,885
Write-off	(8,698)	(77,657)
As of the end of the year	13,781,430	11,131,637

Please refer to (note 25.2) for information about the credit risk exposure on the Company's trade receivables using a provision matrix.

12. PREPAYMENTS AND OTHER ASSETS

	2022 SAR	2021 SAR
Advance to a related party *	115,599,815	116,284,184
Advances to suppliers and contractors	6,882,726	29,058,080
Prepayments	12,486,367	9,987,544
Employee receivables	873,359	458,405
Right of return assets	1,155,481	1,029,967
Others	857,539	1,143,917
	137,855,287	157,962,097

*These amount represents an advanced payments to France Poultry for future deliveries of retail products (Subsidiary to parent company, note 13).

13. RELATED PARTIES DISCLOSURES

Related parties represent major shareholders, director, and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

2022		Sales SAR	Purchases SAR	Expenses SAR	PPE purchase/ Selling SAR
	Relationship				
France Poultry	Subsidiary to the parent company	-	571,576,751	-	-
Shawaya House Company	Subsidiary to the parent company	26,181,815	-	121,592	-
Gulf Catering Company	Subsidiary to the parent company	12,847,705	-	663,317	-
Nutrition and Diet Center Company	Subsidiary to the parent company	5,882,477	3,866,113	1,323,651	-
Az-Zad Saudi Company	Subsidiary to the parent company	533,522	-	15,718	-
Thati Limited Company	Subsidiary to the parent company	265,563	-	39,714	-
Bureida Trading and Refrigeration Company	Subsidiary to the parent company	-	-	243,956	2,340,700
Al-Kafa'a Real State Company	Subsidiary to the parent company	-	-	728,509	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	1,167,951	-
Four Steps International	Company owned by a member of the board of directors	-	-	98,500	-
Abdulaziz Abdullah Almunajem	Shareholder in the parent company	-	-	46,600	-
2021		Sales SAR	Purchases SAR	Expenses SAR	PPE purchase/ Selling SAR
	Relationship				
France Poultry	Subsidiary to the parent company	-	475,702,504	-	-
Shawaya House Company	Subsidiary to the parent company	38,953,372	-	198,220	-
Gulf Catering Company (Note 8)	Subsidiary to the parent company	12,057,223	-	1,130,548	200,000
Nutrition and Diet Center Company	Subsidiary to the parent company	5,487,180	1,693,864	3,327,516	3,702,669
Az-Zad Saudi Company	Subsidiary to the parent company	1,034,282	-	68,776	-
Thati Limited Company	Subsidiary to the parent company	524,128	-	2,661	-
Bureida Trading and Refrigeration Company	Subsidiary to the parent company	-	-	273,019	4,056,680
Al-Kafa'a Real State Company		-	-	755,600	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	2,240,611	-
Four Steps International	Company owned by a member of the board of directors	-	-	95,306	-
Ali Abdullah Almunajem	Shareholder in the parent company	-	-	46,600	-

Due from/due to related parties balances relate to intercompany trading account in relation to sales and purchases transactions with the related parties.

Balances with related parties included in the statement of financial position are as follows:

a. Amounts due from related parties

The breakdown of amounts due from related parties is as follows:

	Relationship	2022 SAR	2021 SAR
Shawaya House Company	Subsidiary to the parent company	2,314,984	7,381,216
Gulf Catering Company	Subsidiary to the parent company	4,309,310	1,763,183
Nutrition and Diet Center Company	Subsidiary to the parent company	229,986	714,713
Thati Limited Company	Subsidiary to the parent company	10,565	118,287
Az-Zad Saudi Company	Subsidiary to the parent company	32,591	93,738
Bureida Trading and Refrigeration Company	Subsidiary to the parent company	70,577	-
		6,968,013	10,071,137

The above balances are unsecured, interest-free, and settlement term within 30-45 days. The management estimates the allowance on due from the related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balances from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate. Management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

b. Amounts due to related parties

The breakdown of amounts due to related parties is as follows:

	Relationship	2022 SAR	2021 SAR
Abdullah Al Ali Almunajem Sons Company	The parent company and a board member	11,567	-
Bureida Trading and Refrigeration Company	Subsidiary to the parent company	-	196,710
		11,567	196,710

Outstanding balances at the year-end are unsecured and interest free and settlement within 30-45. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year-end arise in the normal course of business.

Leases for land contain a lease with a shareholder. Right of use assets amounting to SAR 26,054,517 and lease liability amounting to SAR 28,187,817 pertain to this lease (note 7).

c. Key management compensation

Key management personnel of the Company comprises key members of the management having authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation to key management is shown below:

	2022 SAR	2021 SAR
Short-term employee benefits *	7,180,493	7,029,566
Post-employment benefits	384,353	374,112
	7,564,846	7,403,678

* Key management remuneration includes SAR 1.95 million (2021: SAR 1.4 million) pertaining to the Board of Directors' remuneration.

14. REVENUE

	2022 SAR	2021 SAR
Revenue recognized at a point in time		
Non-retail - goods transferred	1,748,943,600	1,589,882,160
Retail - goods transferred	1,217,538,063	978,827,527
Revenue recognized over-time		
Storage rent revenue	12,040,961	8,313,967
	2,978,522,624	2,577,023,654

Revenue is generated inside the Kingdom of Saudi Arabia.

15. INVENTORIES

	2022 SAR	2021 SAR
Goods for resale	416,542,016	277,623,492
Goods in transit	217,495,175	190,861,008
Spares and consumables	28,617,484	18,513,039
Less: Allowance for slow-moving and obsolete items	(1,000,000)	(500,000)
	661,654,675	486,497,539

The movement of slow-moving and obsolete items is as follows:

	2022 SAR	2021 SAR
Balance as of 1 January	500,000	-
Charge for the year*	500,000	500,000
Balance as of 31 December	1,000,000	500,000

During 2022, SAR 2,398,937,463 (2021: SAR 2,125,694,194) of the Inventory was recognized as an expense in the cost of revenue. Other items included in cost of sale includes suppliers' volume rebates with an amount of SAR 8,021,182 (2021: SAR 11,485,054)

*This pertains to specifically identified spares that are no longer useable.

16. SHARE CAPITAL AND STATUTORY RESERVE

a. Share Capital

During the year 2020, the shareholders of the Company in their meeting held on 16 Rabi' al-Awwal 1442H (corresponding to 2 November 2020) resolved to increase the share capital of the Company from SAR 150,000,000 to SAR 600,000,000 (divided into 60,000,000 shares of SAR 10 each) by transferring an amount of SAR 450,000,000 from proposed increase in capital and to change the legal structure of the Company from a limited liability company to a closed joint stock company. The legal formalities for the increase in share capital and change of legal structure, including approval by the Ministry of Commerce and issuance of ministerial resolution, were completed on 5 Rajab 1442H (corresponding to 17 February 2021).

Authorized, issued and paid-up capital is divided into 60,000,000 shares of SAR 10 each (31 December 2021: 60,000,000 shares of SAR 10 each).

b. Statutory Reserve

In accordance with Saudi Arabian Regulations for Companies and the Company's by-laws, the Company must transfer 10% of its net income by the end of each year, until this reserve reaches 30% of the share capital. This reserve is not available for distribution

17. EMPLOYEES' DEFINED BENEFITS

	2022 SAR	2021 SAR
At the beginning of the year	45,159,785	39,668,205
Current service cost	4,462,705	4,328,521
Interest cost (note 24)	1,366,587	932,203
Payments	(2,152,665)	(1,575,363)
Actuarial gain / loss	(573,198)	1,806,219
At the end of the year	48,263,214	45,159,785

The most recent actuarial valuation was performed by an independent, qualified actuary "United Co. for Actuarial Services (CAIS)" using the Projected Unit Credit Method. United Co. for Actuarial Services (CAIS) are licensed from the "Licensed by the Saudi Central Bank and other regulators"

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2022 SAR	2021 SAR
Discount rate	5.10%	3.10%
Average duration of the liability (in years)	8	8
Rate of salary increases	4.00%	2.00%

All movements in the employees' defined benefit liabilities are recognized in statement of profit or loss except for the actuarial (gain) /loss, which is recognized as other comprehensive income.

Movements in actuarial (gain) /loss reserve recognized in OCI are as follows:

	2022 SAR	2021 SAR
At the beginning of the year	5,545,632	3,739,413
Actuarial (gain) / loss on the obligation	(573,198)	1,806,219
At the end of the year	4,972,434	5,545,632

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2022 SAR	2021 SAR
Increase in the discount rate of 1%	(4,013,974)	(3,402,693)
Decrease in the discount rate of 1%	3,519,089	3,905,015
Decrease in rate of a salary increase of 1%	4,268,332	4,129,852
Increase in rate of a salary increase of 1%	(3,801,076)	(3,658,714)

The following are the expected payments or contributions to the employees in future years:

	2022 SAR	2021 SAR
Within the next 12 months (next annual reporting period)	4,249,879	4,246,909
Between 2 and 5 years	16,691,885	14,539,379
Beyond 5 years	55,316,856	40,579,955
	76,258,620	59,366,243

18. TRADE PAYABLES, ACCRUALS, AND OTHERS

	2022 SAR	2021 SAR
Trade payables	403,763,951	322,249,533
Accrued expenses	35,038,720	30,487,440
Advances from customers	1,530,766	1,382,325
Refund liabilities	1,325,171	1,235,758
Other payables	1,829,103	1,904,555
	443,487,711	357,259,611

Terms and conditions of the liabilities:

* Trade and other payables are non-interest bearing and have a term of 30 to 90 days.

19. SHORT-TERM LOANS

The Company has obtained Murabaha and Tawaruq loans from local banks to finance the Company's working capital requirements and carry interest at commercial rates at SIBOR + 1% and have a maturity of less than a month.

As of 31 December 2022, the Company has obtained total loan facilities amounting to SAR 290,000,000 (2021: SAR 520,000,000).

The movement in short-term loans is as follows:

	2022 SAR	2021 SAR
At 1 January	-	128,000,000
Proceeds from short-term loans	330,000,000	3,080,000,000
Payments of short-term loans	(330,000,000)	(3,208,000,000)
At 31 December	-	-

20. ZAKAT PAYABLE

Abdullah Al Ali Almunajem Sons Company (the "Parent Company") and the Company initially filed their zakat declaration on a standalone basis until the year ended on 31 December 2016. On 23 Muharram 1439 H (corresponding to 13 October 2017), the Parent Company obtained approval from the Zakat, Tax and Customs Authority (ZATCA) to submit its zakat returns on a combined basis, including the Company and therefore, from 2008 and onwards, the Parent Company started filing the combined zakat declarations for all wholly owned subsidiaries, including the Company. Declarations the years ended 31 December 2008 through 2016 have been already resubmitted with ZATCA. The Parent Company also submitted the combined zakat declarations for all wholly owned subsidiaries, including the Company, for the years from 2017 to 2020. The Parent Company has obtained the zakat certificate until 31 December 2021. Zakat expense used to be calculated by the Parent Company at the group level and allocated to the Company.

In view of the approval of IPO process (note 1) and change in the legal status of the Company during year 2020, the Parent Company has pledged that any additional liability that may arise upon the finalization of zakat assessments that may arise in the future related to the years from 2008 until 2020 will be settled by the Parent Company.

Zakat expense

The zakat charge for the year comprises of the following:

	2022 SAR	2021 SAR
Current year provision	18,840,788	14,802,310
Adjustment for last year	190,512	(135,728)
Total provided during the year	19,031,300	14,666,582

The principal elements of the zakat base attributable to Saudi partners are as follows:

	2022 SAR	2021 SAR
Equity	639,577,074	644,190,356
Opening allowances and other adjustments	107,070,786	95,060,162
Book value of long-term assets	(324,573,215)	(338,080,293)
	422,074,645	401,170,225
Profit subject to Zakat for the year	317,916,140	190,922,171
Zakat base	739,990,785	592,092,396
Zakat charge for the year 2.5%	18,840,788	14,802,310

Movement in the Zakat provision:

	2022 SAR	2021 SAR
At the beginning of the year	14,802,310	5,285,909
Current year provision	19,031,300	14,666,582
Payment during the year	(14,992,822)	(5,150,181)
At the end of the year	18,840,788	14,802,310

Status of assessments

Combined Zakat returns have been filed by the Parent Company, including the Company, with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2008 to 2020.

The Company filed the Zakat declaration for the year 2021, the Zakat payable has been paid based on this declaration. A Zakat certificate was issued for the year 2021. In addition, Zakat assessment for 2021 has been completed at 5th October 2022 and the Company paid Zakat differences for 2021 by SAR 36,894.

21. SELLING AND DISTRIBUTION EXPENSES

	2022 SAR	2021 SAR
Employee costs	115,620,975	108,267,359
Marketing expenses	38,513,614	31,048,168
Depreciation (note 8)	24,173,845	23,381,744
Utilities	14,033,929	13,634,921
Sales commission	13,851,568	11,935,184
Transportation and uploading expenses	13,240,721	12,831,014
Car running expenses	10,579,107	9,397,738
Lease depreciation amortization	8,225,321	7,321,573
Insurance	3,728,269	3,227,780
Port detention/electric charges	2,810,359	2,146,849
Cold stores maintenance	2,744,654	2,424,056
Business travel expenses	1,621,606	1,653,384
Rental expenses (short term lease) (note 7)	1,423,032	1,427,680
Stationaries and printings	799,903	799,786
Allowance for slow moving & obsolete Items	500,000	500,000
Amortization (note 9)	231,858	208,497
Other expenses	5,842,778	4,846,445
	257,941,539	235,052,178

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SAR	2021 SAR
Employee costs	16,836,714	15,392,767
BOD remunerations (note 13)	1,599,000	1,379,000
Amortization (note 9)	1,156,672	1,347,462
Professional fees	1,033,443	856,018
Bank charges	828,407	1,013,991
Lease depreciation & amortization	772,470	751,063
Utilities	697,784	703,711
Depreciation (note 8)	433,719	441,746
Repair and maintenance	394,235	273,796
Transportation and travelling	54,124	33,708
Other expenses	1,614,591	844,818
	25,421,159	23,038,080

23. OTHER INCOME

	2022 SAR	2021 SAR
Gain on disposal of property, plant, and equipment	2,161,016	3,463,093
Foreign currencies difference	3,248,479	1,442,220
Other income *	3,700,419	731,435
	9,109,914	5,636,748

* During 2022, the Company filed and received an amount of SAR 2.5 million which is related to the refund payment of excise tax in 2020.

24. FINANCE COSTS, NET

	2022 SAR	2021 SAR
Interest on employees' defined benefit (note 17)	1,366,587	932,203
Interest on lease liabilities (note 7)	1,301,176	1,242,512
Interest on short-term loans	259,833	1,584,291
Finance income -Short-term deposit	(1,007,500)	-
	1,920,096	3,759,006

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. FINANCIAL ASSETS

	2022 SAR	2021 SAR
Financial assets at amortised cost:		
Trade receivables	246,382,666	219,833,980
Due from related parties	6,968,013	10,071,137
	253,350,679	229,905,117
Bank balances and cash	111,029,404	85,525,433
Total financial assets	364,380,083	315,430,550

b. FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Trade payables, accruals, and others
Lease liabilities
Due to related parties

2022	2021
SAR	SAR
440,631,774	354,641,528
48,954,192	50,102,840
11,567	196,710
489,597,533	404,941,078

The Company's financial liabilities include trade payables, certain other payables, short term loans, lease liabilities, and due to related parties. At 31 December 2022, all the Company's financial liabilities are classified at amortised cost.

25.1 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company's financial assets consist of bank

balances and cash, trade receivables, other current financial assets and due from related parties. The Company's financial liabilities consist of trade payables, certain other payables, short term loans, lease liabilities and due to related parties.

The fair values of above financial assets and liabilities approximate their carrying amounts.

25.2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities mainly comprise of trade payables, certain other payables, short term loans, lease liabilities and due to related parties. The Company's financial assets include of cash and cash equivalent, trade receivables, other current financial assets and due from related parties which are integral to and are directly derived out of its regular business.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Senior Management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of risk: interest rate risk, and

foreign currency risk. Financial instruments affected by market risk include short term loans and payables denominated in foreign currency. There were no changes in these circumstances from the previous year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's short-term loans have a short tenure and carry a floating rate of interest and is carried at amortized cost. Accordingly, management believes that the Company is not subject to any significant interest rate risk because it is a practice of the Company to settle all short-term debt obligations at the time of maturity which is generally one months. At 31 December 2022, the Company does not have any outstanding balance in this regard.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's purchases from outside suppliers mainly denominated in Euros. The foreign currency SAR equivalent of Euro exposure in 2022 is SAR 43,560,119 (2021: SAR 37,984,225), represents trade payable balances.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in SAR and Euro exchange rates, with all other variables held constant.

The impact on the Company's profit before zakat is due to changes in the fair value of monetary assets and liabilities.

	5% increase in exchange rate SAR	5% decrease in exchange rate SAR
2022	(2,178,006)	2,178,006
2021	(1,899,211)	1,899,211

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, other current financial assets and related parties' balances) and from its financing activities, including balances with banks.

Trade receivables

The average credit period granted terms from 15 to 60 days. No interest is charged on outstanding trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Trade receivable – days past due					Total SAR
	Not past due SAR	<90 SAR	90-180 SAR	181-365 SAR	>365 SAR	
31 December 2022						
Expected credit loss rate %	0.19%	0.65%	16.47%	36.30%	81.60%	
Total gross carrying amount at default	182,681,215	62,593,633	1,145,940	1,327,423	12,415,885	260,164,096
Expected credit losses	(354,024)	(406,459)	(188,717)	(481,873)	(12,350,357)	(13,781,430)
	182,327,191	62,187,174	957,223	845,550	65,528	246,382,666
	Trade receivable – days past due					Total SAR
	Not past due SAR	<90 SAR	90-180 SAR	181-365 SAR	>365 SAR	
31 December 2021						
Expected credit loss rate %	0.11%	0.35%	9.42%	24.84%	90.26%	
Total gross carrying amount at default	160,835,350	54,866,807	1,546,741	2,699,314	11,017,405	230,965,617
Expected credit losses	(177,582)	(193,608)	(145,662)	(670,467)	(9,944,318)	(11,131,637)
	160,657,768	54,673,199	1,401,079	2,028,847	1,073,087	219,833,980

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

31 December 2022	Within 3 months SAR	3 months to 1 year SAR	1 to 5 years SAR	More than 5 years SAR	Total SAR
Trade payables, accruals, and others	440,631,774	-	-	-	440,631,774
Lease liabilities	4,744,389	4,620,302	20,223,976	26,074,248	55,662,915
Due to related parties	11,567	-	-	-	11,567
	445,387,730	4,620,302	20,223,976	26,074,248	496,306,256

31 December 2021	Within 3 months SAR	3 months to 1 year SAR	1 to 5 years SAR	More than 5 years SAR	Total SAR
Trade payables, accruals, and others	354,641,528	-	-	-	354,641,528
Lease liabilities	4,705,443	3,725,454	20,405,209	28,910,884	57,746,990
Due to related parties	196,710	-	-	-	196,710
	359,543,681	3,725,454	20,405,209	28,910,884	412,585,228

26. EARNING PER SHARE (EPS)

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as the basic earnings per share as the Company does not have any convertible securities or diluted instruments to exercise.

The following table reflects the profit for the year attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding during the period used in the basic and diluted EPS computations:

Basic and diluted earnings per share from net profit.

	2022 SAR	2021 SAR
Financial liabilities at amortised cost		
Net profit for the year	290,201,821	166,091,980
Weighted average number of ordinary shares	60,000,000	53,604,247
Basic and diluted earnings per share	4.84	3.10

On February 7, 2021, the number of shares increased from 150,000 shares, with a value of 1,000 Saudi riyals per share to 60,000,000 shares, at a value of 10 Saudi riyals per share.

27. DIVIDENDS

The Extraordinary General Assembly meeting held on 1 June 2022 (corresponding to 2 Dhu'l Qi'dah 1443) based on the recommendation of the Company's Board of Directors held on 27 March 2022, (corresponding to 24 Sha'ban 1443H) approved to pay cash dividends of SAR 120 million for the year ended 31 December 2021 amounting to SAR 2 per share, which represents 20% of the Company's capital.

The Board of Directors meeting held on 17 July 2022 (corresponding to 28 Dhu'l Hijjah 1443H), based on authority granted by shareholders during their Extraordinary General Assembly meeting dated 1 June 2022 (corresponding to 2 Dhu'l Qi'dah 1443) to authorize Board of Directors to approve payment of dividends during interim periods of 2022 and have approved to distribute cash dividends of SAR 75 million to the shareholders for the first half of 2022 amounting to SAR 1.25 per share

28. CAPITAL MANAGEMENT

For the purpose of the Company's management, capital includes issued share capital, and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Company includes within net debt, short term loans, lease liability, employees' defined benefit liabilities, zakat payable, less cash and bank balances.

	2022 SAR	2021 SAR
Lease liability	48,954,192	50,102,840
Employees' defined benefits liabilities	48,263,214	45,159,785
Zakat payable	18,840,788	14,802,310
Less: cash and bank balances	(111,029,404)	(85,525,433)
Net debt	5,028,790	24,539,502
Equity	900,511,723	804,736,704
Capital and net debt	905,540,513	829,276,206
Gearing ratio	0.6%	3%

29. SEGMENT INFORMATION

The Senior Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company operates in three regions in the Kingdom of Saudi Arabia, which are its reportable segments. These regions are identified as a separate reportable segment because the company managed them separately. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

For management purposes, the Company is into business units based on its geographical regions, as follows:

	Central region SAR	Eastern region SAR	Western region SAR	Total SAR
2022				
Revenue	1,300,421,360	614,413,378	1,063,687,886	2,978,522,624
Cost of revenue	1,045,889,864	491,223,314	853,344,954	2,390,458,132
Depreciation and amortization	10,498,221	5,783,712	13,625,567	29,907,500
Depreciation of right-of-use assets	4,757,043	1,462,023	2,811,888	9,030,954
Segment profit before Zakat	135,389,312	72,224,872	101,618,937	309,233,121
Total assets	771,596,217	297,699,747	415,053,021	1,484,348,985
Total liabilities	542,028,757	13,946,442	27,862,063	583,837,262

	Central region	Eastern region	Western region	Total
2021	SAR	SAR	SAR	SAR
Revenue	1,160,217,525	519,586,359	897,219,770	2,577,023,654
Cost of revenue	971,367,905	429,077,943	735,203,843	2,135,649,691
Depreciation and amortization	10,147,058	5,709,379	12,159,821	28,016,258
Depreciation of right-of-use assets	4,365,585	1,282,032	2,459,930	8,107,547
Segment profit before Zakat	73,743,975	44,664,227	62,350,360	180,758,562
Total assets	737,569,748	219,639,343	340,761,388	1,297,970,479
Total liabilities	457,590,733	13,238,150	22,404,892	493,233,775

All the operating segments revenue and non-current assets are generated and based in the Kingdom of Saudi Arabia. There is no customer contributing 10% or more of the total revenue in both 2022 and 2021.

30. CONTINGENCIES AND COMMITMENTS

No outstanding letters of guarantee as of 31st December 2022, (31 December 2021: SAR 600,000), in respect of contract performance, and letters of credit amounting to SAR 12,594,954 (31 December 2021: SAR 25,662,592). There are capital commitments amounting to SAR 5,854,557 as at 31 December 2022 (31 December 2021: SAR 1,629,211) related to property, plant, and equipment.

31. PROPOSED INCREASE IN CAPITAL

In November 2020, the Board of Directors decided to increase the capital from an amount of SAR 150,000,000 to SAR 600,000,000 by transferring an amount of SAR 107,586,101 from due to shareholders, transferring an amount of SAR 75,000,000 from statutory reserve account and transferring an amount of SAR 267,413,899 from retained earnings to proposed increase in capital. Legal formalities were completed on 17 February 2021.

In 2021, the number of shares has increased from 150,000 shares with a value of SAR 1,000 per share to 60,000,000 shares with a value of SAR 10 per share (note 26).

32. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to the presentation in the current year.

The comparative figures for the fiscal year ending on 31 December 2021 have been reclassified as follows:

- Increasing the balance of Prepayments and other assets in the Statement of financial position with an amount of SAR 117,314,151 and decreasing the Due from related parties with an amount of SAR (116,284,184) and decreasing the Right of Return Assets with an amount of SAR (1,029,967) in the Statement of financial position.
- Increasing the balance of Trade payables, accruals, and others in the Statement of financial position with an amount of SAR 1,235,758 and decreasing the Refund liabilities with the same amount in the Statement of financial position.
- Increasing the of Provision for expected credit losses in the Statement of profit or loss and other comprehensive income with an amount of SAR 4,402,884 and decrease of the Selling and distribution expenses with the same amount.
- Decreasing of the Depreciation of right-of-use assets in the Statement of profit or loss and other comprehensive income with an amount of SAR (8,072,636) and increase of the Selling and distribution expenses with an amount of SAR 7,321,572 and increase of General and administrative expenses with an amount of SAR 751,064.

33. SUBSEQUENT EVENTS DISCLOSURES

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 Articles of Association for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended bylaws to

the shareholders in their Annual General Assembly meeting for their ratification.

No other matter has occurred up to and including the date of the approval of these financial statements by the management which could materially affect these financial statements and the related disclosures for the year ended 31 December 2022.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2022 were approved for issuance by the Board of Directors on 2023G according to1444H.

Related party disclosures

Related parties represent the major shareholders, members of the Board of Directors, senior management personnel of the Company, and establishments under control, joint control, or over which they exercise significant influence. Pricing policies and terms of these transactions are approved by the Company's management.

The following is a description of transactions with related parties included in the statement of profit or loss and other comprehensive income:

2022		Sales	Purchases	Expenses	Buy/ Sale of Equipment, machines and properties
	Relationship	SAR	SAR	SAR	SAR
France Poultry	A subsidiary of parent Company	-	571,576,751	-	-
Shawaya House Company	A subsidiary of parent Company	26,181,815	-	121,592	-
Gulf Catering Company	A subsidiary of parent Company	12,847,705	-	663,317	-
Nutrition and Diet Center Company	A subsidiary of parent Company	5,882,477	3,866,113	1,323,651	-
Az-Zad Saudi Company	A subsidiary of parent Company	533,522	-	15,718	-
Thati Limited Company	A subsidiary of parent Company	265,563	-	39,714	-
Burieda Trading and Refrigeration	A subsidiary of parent Company	-	-	243,956	2,340,700
Al-Kafa'a Real Estate Company	A subsidiary of parent Company	-	-	728,509	-
Abdullah Al-Ali Almunajem Sons Company	Parent Company	-	-	1,167,951	-
Four Steps International Company	A Company owned by a member of the board of directors	-	-	98,500	-
Abdulaziz Al-Abdullah Almunajem	A shareholder in the parent Company	-	-	46,600	-

2021		Sales	Purchases	Expenses	Buy/ Sale of Equipment, machines and properties
	Relationship	SAR	SAR	SAR	SAR
France Poultry (a subsidiary to the parent company)	A subsidiary of parent Company	-	475,702,504	-	-
Shawaya House Company (a subsidiary to the parent company)	A subsidiary of parent Company	38,953,372	-	198,220	198,220
Gulf Catering Company (a subsidiary to the parent company)	A subsidiary of parent Company	12,057,223	-	1,130,548	1,130,548
Nutrition and Diet Center Company (a subsidiary to the parent company)	A subsidiary of parent Company	5,487,180	1,693,864	3,327,516	3,327,516
Az-Zad Saudi Company (a subsidiary to the parent company)	A subsidiary of parent Company	1,034,282	-	68,776	68,776
Thati Limited Company (a subsidiary to the parent company)	A subsidiary of parent Company	524,128	-	2,661	2,661
Burieda Trading and Refrigeration Company (a subsidiary to the parent company)	Subsidiary to the parent company	-	-	273,019	273,019
Al-Kafa'a Real State Company (a subsidiary to the parent company)	Parent Company	-	-	755,600	755,600
Abdullah Al Ali Almunajem Sons Company (the parent company and a board member)	A Company owned by a member of the board of directors	-	-	2,240,611	2,240,611
Four steps International (a company owned by a member of the board of directors)	Company owned by a member of the board of directors	-	-	95,306	95,306
Ali Abdullah Almunajem (Shareholder in the parent company)	A shareholder in Parent Company	-	-	46,600	46,600

The following are the balances with related parties included in the statement of financial position:

A. Amounts due from related parties:

The following is an analysis of the amounts due from the related parties:

	2022 SAR	2021 SAR
Shawaya House Company	2,314,984	7,381,216
Gulf Catering Company	4,309,310	1,763,183
Nutrition and Diet Center Company	229,986	714,713
Az-Zad Saudi Company	10,565	118,287
Az-Zad Saudi Company	32,591	93,738
Burieda Trading and Refrigeration Company	70,577	-
	6,968,013	10,071,137

The balances mentioned above are without guarantees and without commission and are repaid within 30-45 days. Management estimates the provision for amounts due from related party balances at the date of preparing the financial statements at amount equal to lifetime expected credit losses. There are no balances due from related parties at the date of preparing the financial statements that are past due, after taking into account the previous experience of default and future expectations of the sectors in which the related parties operate, and the management believes that the balances of the related parties are not impaired. There has been no change in the methods of estimates or significant assumptions that were made during the current financial period when estimating provisions for balances due from related parties.

B. Amounts due to related parties

The following is an analysis of amounts due to related parties:

	2022 SAR	2021 SAR
Abdullah Al Ali Almunajem Sons Company	11,567	-
Burieda Trading and Refrigeration Company	-	196,710
	11,567	196,710

The above balances are due at the end of the year without guarantees and without commission and are paid within 30-45 days. There were no guarantees provided or received for any receivables or payables to related parties. Unpaid balances arise at the end of the year in the normal course of business. There are no outstanding balances due from the relevant authorities on the date of preparing the financial statements. The management believes that the balances of the related parties at December 31, 2021 and 2022 are not impaired.

Land leases involve a lease agreement with a shareholder. Right-of-use assets of SAR 26,054,517 and lease liabilities of SAR 28,187,817 relate to this lease (Note 7).

Terms and conditions for amounts due to the above-related parties:

These amounts are not linked to commission and the repayment period generally ranges from 03 to 45 days.

C. Compensation of senior management employees

The Company's senior management personnel include the senior management personnel who have the authority and responsibility for planning, directing and controlling the Company's activities. The following are the compensation of senior management personnel:

	2022 SAR	2021 SAR
Short term employee benefits	7,180,493	7,029,566
Defined employee benefits	384,353	374,112
	7,564,846	7,403,678

Compensations of senior management personnel include amount of SR 1.95 million (2021: SR 1.4 million) related to the compensation of the members of the Board of Directors.

Risk Management

Company's management is responsible for improving the effectiveness of the Company's risk management, control and governance processes. It focuses on monitoring Operations, including financial and accounting operations, as well as ensuring their compliance with various policies, procedures and regulations.

Existing shareholders own all of the Company's shares prior to the offering. After the offering, their collective ownership became 70% of the Company's shares. The following table shows the Company's capitalization as it appears in the audited financial statements for the fiscal years ending on December 31 from 2018 to 2022. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 19 ("Financial Statements and Auditors' Reports")

	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022
	SAR	SAR	SAR	SAR	SAR
Total loans and lease	160,000,000	211,456,792	176,861,410	50,102,840	48,954,192
Shareholders' equity					
Share capital	150,000,000	150,000,000	150,000,000	600,000,000	600,000,000
Proposed capital increase			450,000,000		
Statutory reserve	75,000,000	75,000,000	22,967,876	39,577,074	68,597,256
Actuarial valuation reserve	2,341,455	(1,500,754-)	(3,739,413-)	(5,545,632-)	(4,972,434-)
Retained earnings	251,037,623	240,202,303	21,222,480	170,705,262	236,886,901
Total shareholders' equity	478,379,078	463,701,549	640,450,943	804,736,704	900,511,723
Total capitalization (total loans and equity)	638,379,078	675,158,341	817,312,353	854,839,544	949,465,915
Total loans to total capitalization	25.06%	31.32%	21.64%	5.86%	5.16%

The members of the Board of Directors confirm the following:

- As of December 31, 2022, none of the Company's shares are subject to an option right.
- The Company does not have any debt instruments, as of December 31, 2022
- There was no transfer of rights or initial public offering under convertible debt instruments, or any securities or contractual rights for initial public offering or similar rights issued or granted by Almunajem Foods.
- That the liquidity balance available to the Company and its cash flows are sufficient to cover its expected cash needs for working capital and capital expenses for at least twelve (12) months immediately following the date of publication of this Report, subject to no material adverse change affecting the Company's business.

Dividend Details related to the financial market and dividend policy Policy

Under Article 110 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. Despite the Company's intention to distribute annual dividends to its shareholders, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year. Dividend distribution is also subject to the restrictions set out in Article 47 of the Company's bylaws. Dividends shall be distributed in Saudi Riyals.

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 10% of the net profits shall be set aside to form the Company's statutory reserve and the

Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to 30% of the Company's share capital.

- The Company may, upon recommendation of the Board of Directors, and subject to the approval of the Ordinary

General Assembly, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose of supporting the financial position of the Company.

- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders. Said Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to help existing institutions.
- The Ordinary General Assembly may distribute the remainder among the Shareholders. The dividend distribution policy may change from time to time, as the Board of Directors may resolve, subject to the approval of the Ordinary General Assembly, to renew annually the payment of periodic dividends to the Company's shareholders on a semi-annual or quarterly basis, in accordance with the controls of the competent authority .

In its meeting held on July 17, 2022 (corresponding to Dhul-Hijjah 28, 1443 AH), based on the authorization of the shareholders during the Extraordinary General Assembly meeting held on September 1, 2022 (corresponding to Dhu al-Qi'dah 2, 1443 AH), the Board of Directors agreed to authorize the Board of Directors to distribute interim profits. For the fiscal year 2022, by distributing cash dividends in the amount of 75 million Saudi Riyal to the Company's shareholders, for the first half of 2022, at 1.25 Riyal per share.

Below is a summary of the profits that the Company announced and distributed during the years ending on December 31 from 2018 to 2022, respectively.

	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022
	SAR	SAR	SAR	SAR	SAR
Declared distributions	206,087,151	120,000,000	158,276,809	-	195,000,000
Paid distributions	206,087,151	120,000,000	158,276,809	-	195,000,000
Net profit for year	149,474,627	109,164,680	229,678,761	166,091,980	290,201,821
Ratio of declared dividend to net profit of Company	137.87%	109.93%	68.91%	-	67.19%

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