



ANNUAL REPORT 2023



FINZENCO

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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.





Operational Highlights

Strategic Report

Corporate Governance

Financial Statements



40+
Brands



1,000+
Vehicles



2,065
Employee

CUSTOMER OUTLETS



12,500
Retail



9,100
Food Service



1000
Wholesale

SUPPLIERS



Local Suppliers
16%



International Suppliers
84%



Imports
260,000
(MT)

PURCHASES



Local
40,000
(MT)

Branches

13

factories

01

Cold Storage Capacity

58,000
(MT)



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.



Vision

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



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.



- CHAIRMAN'S STATEMENT
- CEO'S STATEMENT





Chairman's Statement:

Today I am genuinely delighted to put in front of the Board of Directors Almunajem Foods 2023 annual report. Through this report, we will be surfing into the overall performance of the company during the year, with its pros, cons, challenges, and achievements. Moreover, the report shall dwell on the financial outcome of the company in details through elaborating from the various angles on the results attained by the company.

To start with, the food and beverage sector in Saudi Arabia, has shown its resilience across the year and its ability for rapid recovery thanks to the enormous initiatives by the government to stimulate major reforms and to support tourism in the country all. Year 2023 is characterized by remarkable challenges worsened in the fourth quarter by the unpleasant geopolitical crisis in the region that interrupted the world trade cycle. In parallel, the global warm up and the climate changes have had its negative impact on the crop in Europe due to significant shortage in supply, leading to price jumps on the final product to the end consumer. Yet, eventually the year turned out to be successful, thanks to the strategy the company has adopted by diversifying its sources of importation, enhancing the Local content, expanding the product categories / sub-categories, as well as penetrating deeper in all sales channels for the purpose of achieve even contribution from all related segments.

Furthermore, and in line with the government initiatives, we have been working very closely with local partners of poultry to enhance and diversify alternatives to the end consumers. For that reason, we are partnering with local producers to co-pack in the frozen range and invest in separate entities to expand to the chilled range where we see growing demand.

In the same context, Almunajem Foods is seeking to optimize the operation and maximize efficiency. Therefore, we are in the analysis phase to expand local production and ensure quality excellence.

Praise be to the Almighty God, in the year of 2023, the company was able to attain major achievements. And we are confident that we will continue with the same will and determination for the sake of meeting the aspirations of the company stakeholders.

Financial and Operational Performance

Despite of all the challenges and obstacles that the industry has faced in 2023, we were able to sort out any difficulties when it happens due to the full dedication from every single member of the company. In addition, the overall capabilities of the company represented by peace of art facilities, modern technology utilized, vast distribution and logistical capabilities, as well as its qualified Human power, all have brought in the major contribution to the company outstanding performance.

In 2023, Almunajem Foods was able to reach a new level of performance due to the impeccable performance in the vital financial pillars. Thus, the company has realized a noticeable increase in turnover validated with a GPM of 17.5% and a NPM of 8.5% driven by deeper penetration into the market and by growing sales in new products of poultry cuts and frozen fruits. Also, the Balance sheet on the 31st of December 2023, has shown a total equity of SAR 928M versus SAR 901M on the 31st of December 2022.

Almunajem Foods keeps the promise to all stakeholders to maintain the same momentum for the optimal objective of adding value to all related parties. And to carry on with the same direction of maximizing return to our shareholders who believed in the company and its values.

In the end, I hereby grant first of all the appreciation to the Almighty God, and then to all stakeholders who supported and majorly contributed to the achievement of such prominent results. The appreciation is also extended to all the members of the Board of Directors, who have shown a nonstop support along this path of success. I also send my appreciation to the company management and employees for the hardworking and dedication exerted to realize the company results. Finally, I send my gratitude to the shareholders who believed, trusted, and put their confidence in Almunajem foods.

In this event, I reiterate on behalf of all stakeholders my promise to put all efforts keeping the company on the fast track of continuous growth, seeking new opportunities, , expanding local production, in addition to promoting innovative and healthy choice for end consumers. We are all Geared up for another challenge in 2024. May God bless you all.

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 delighted to present to you the annual report of the Company for the year 2023; a year marked by notable achievements and robust growth reflecting our unwavering commitment to excellence and innovation.

Sustainable strategic growth:

We have remained steadfast in our commitment to achieving our strategic goals and driving the company forward despite challenges and obstacles faced during 2023.

Throughout the year, we have made significant strides in expanding our product portfolio to meet the evolving needs and preferences of our customers. The launching of Frozen Pastry range and the enrichment undertaken in the superfoods range, have not only broadened our offerings but have also positioned us as the pioneers in the nonstop quest to upgrade and redevelop the company product range..

Moreover, we have taken bold steps to enhance our sales channels by launching B2B online platform to cater the growing demand for online shopping. Furthermore, our introduction of a full range of premium beef cuts marks a major milestone in our efforts to elevate our services and offerings in the food service sector.

In addition, we continued to focus on expanding our local content portfolio and enhancing our manufacturing capabilities. By the end of 2023, we had reached a production capacity of 15K MT. Looking ahead, we are well positioned to build on this success are actively analyzing to expand production capacity in the near future. This strategic expansion will not only enable us to meet the growing demands of our customers, but also to strengthen our position in the market and drive sustainable long-term growth for the Company.

Last but not least, and in line with government direction and initiatives towards reinforcing the local content and in order to create more operational resilience in terms of multi-supply alternatives, the company has chosen to co-pack with its partners in Saudi Arabia in the divergent categories (such as poultry , canned vegetables, Dairy, and Sea Food). That is side by side along with our manufacturing operation in Jeddah will constitute the building block for a major increase in the local content contribution ratio to the total company product portfolio.

All the above achievements are a testament to our dedication to innovation, efficiency and operational excellence. And I can promise for more impressive deliverables guided by devoted performance in the future.

Strong Financial Performance for the year:

In 2023, our company experienced remarkable growth and financial stability, thanks to our dedication to providing high-quality products to our customers leveraging our state-of-the-art logistics and distribution infrastructure.

Our net revenues surged impressively by 11.3% compared to the previous year, reaching SAR 3.3 billion. This substantial growth was primarily fueled by a remarkable sales volume growth of 16.4%.

Our revenue growth was not limited to specific categories, sales channels, or regions but spanned across the board. Such a remarkable achievement was further bolstered by key initiatives undertaken by the Saudi Government in line with its Vision 2030, alongside an increase in tourism and pilgrims during the year.

We are proud to report that our gross profits soared to SAR 582.3 million, with stable and robust gross margins of 17.6%. Moreover, our diligent efforts in managing operating expenses resulted in them representing only 8.7% of revenue, down from 9.4% the previous year. Our net profits reached an impressive SAR 282.2 million, with net profit margins standing at 8.5%.

Furthermore, our company maintains a robust and prudent financial position, with total assets reaching SAR 1.6 billion, marking a growth of 5%. Notably, our net working capital to sales ratio improved to 14%, a significant enhancement from the previous year's 19%.

We are pleased to announce that we generated a free cash flow of SAR 400 million, underscoring our financial resilience and operational efficiency.

As we look ahead, we remain committed to diversifying and strengthening our relationships with suppliers to ensure efficient and smooth delivery of high-quality products to our valued customers. Despite challenges in the food sector stemming from global economic and supply chain crises, we are optimistic about our ability to navigate through these obstacles.

We remain committed to our core values of innovation, quality, and sustainability. We will continue to adapt to the changing landscape of our industry, seize new opportunities for growth, and deliver value to our customers and shareholders.

I extend my heartfelt appreciation to our dedicated employees whose unwavering efforts have been instrumental in our success.

Moving forward, we are determined to solidify our position as one of the largest food companies in KSA and to continue creating sustainable value for our shareholders.

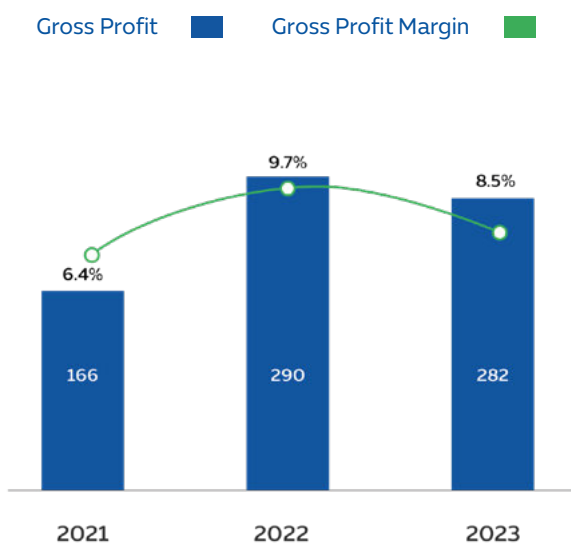
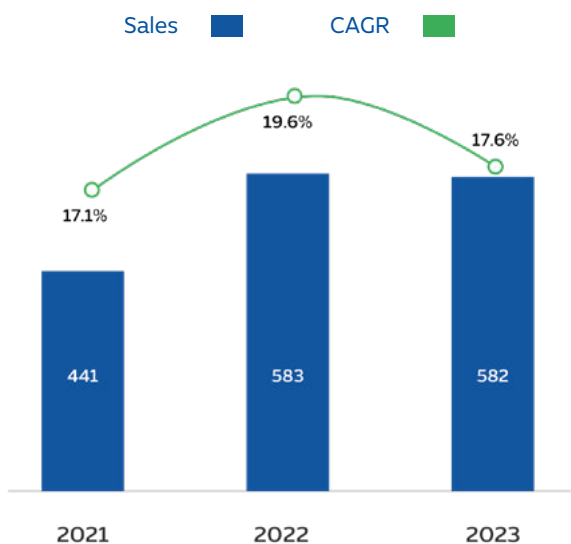
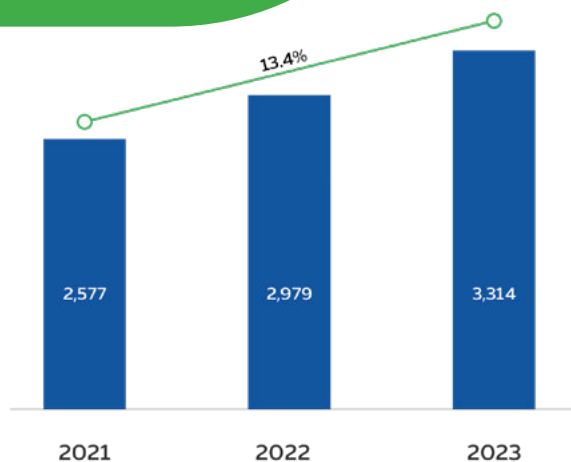
I would also like to thank our shareholders for their continued support and trust in our vision.

Engineer / Thamer bin Abdulaziz Abanumay

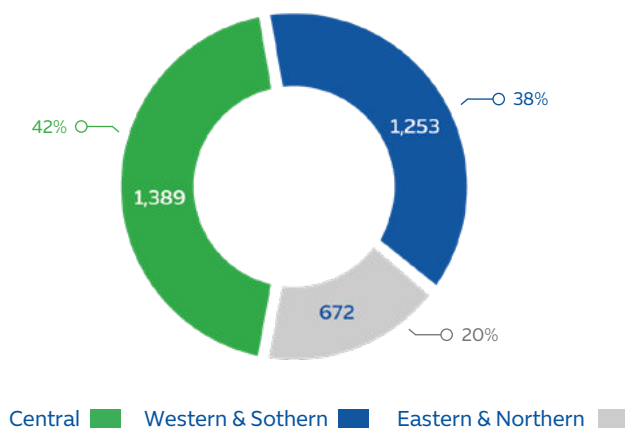
Chief Executive Officer

KEY RESULTS

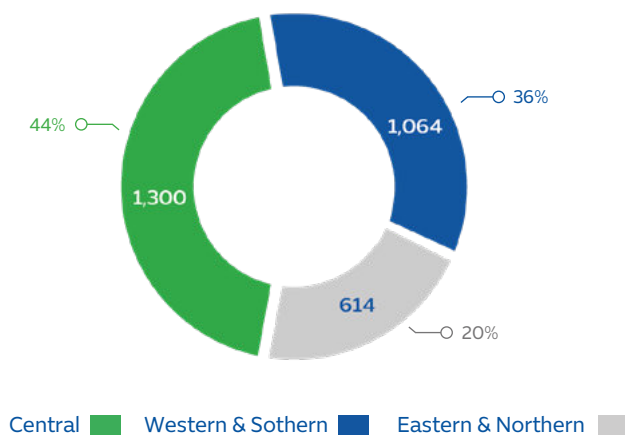
SAR MILLION



Sales Contribution by region 2023



Sales Contribution by region 2022



Cash conversion cycle (CCC)



Free cash flows







KEY FINANCIAL INFORMATION AND KPIS

SAR MILLION

Statement of Income	2021	2022	2023
Revenue	2,577	2,979	3,314
Gross profit	441	583	582
Operating Income	185	311	302
Net Income	166	290	282

Balance sheet			
Current assets	960	1,164	1,256
Non-Current assets	338	320	309
Total assets	1,298	1,484	1,565
Current liabilities	405	495	547
Non-Current liabilities	88	89	90
Total liabilities	493	584	637
Total equity	805	901	928

Cash Flows			
Net cash from operating activities	232	241	423
Net cash used in investing activities	(29)	(12)	(21)
Net cash used in financing activities	(138)	(204)	(263)
Cash and cash equivalents	86	111	249

Strategic
Report

Corporate
Governance

Financial
Statements



KPIs	2021	2022	2023
EBITDA Margin	8.6%	11.8%	10.2%
Return on equity (ROE)	20.6%	32.2%	30.4%
Return on assets (ROA)	12.8%	19.6%	18.0%
Days Sales Outstanding (DSO)	33 days	32 days	28 days
Days Inventory Outstanding (DIO)	83 days	100 days	76 days
Days Payable Outstanding (DPO)	75 days	80 days	82 days
Working capital/sales	18.2%	18.7%	13.9%
Number of customers	21,716	21,778	22,617
Number of trade suppliers	70+	75+	80+





Business Model:

Almunajem Foods is among the largest Saudi food companies involved in manufacturing, importing, marketing and distribution of a wide range of frozen, chilled and dry food items through its top-notch logistics network all over the Kingdom.



Sourcing and Manufacturing:

The Company has vast experience in products sourcing from a wide base of local and international suppliers as it procures around 260,000 MT per annum of frozen, chilled and dry food products in addition to around 40,000 MT from the local market.

- Company has tight relationship with 70+ active suppliers, out of which 84% are international and 16% are local suppliers.
- The Company has formal supply and distribution agreements with its main suppliers around the world, such as "Agrosvilla", "Lactalis", "France Poultry", "Arla", and many others.
- The Company has a manufacturing facility located in Jeddah with three production lines producing 18 SKUS, adding up to a total manufacturing capacity of 15,000 MT.
- The Company runs a promising plan to manufacture Further Processed Meat Products range through extending its processing facilities to meet the market demand.



Warehousing:

The Company possesses 12 high quality state of the art warehouses spread across the Kingdom. Most of these are well equipped with automatic mobile racking systems which enhances storage capacity to the maximum and reduces the time taken to reach the required products. It is supported by Oracle real-time inventory management and tracking system.

The storage capacity of warehouses ranges from 2,000 MT to 16,000 MT, The total capacity of these warehouses add up to 58000 MT all together.

Moreover, the company rents additional warehouse space to generate storage rental revenue.



Business Model:



Distribution

- Products are distributed across all sales channels with customer reach of more than 12,500+ retail outlets, 1000 + wholesale outlets and 9,100 service outlets in all regions of the Kingdom.
- Wide distribution network that facilitates the effective delivery of around 300,000 MT of products annually supplied to customers for approximately 22,600 outlets.
- 14 branches (12 warehouse and sales branches, 1 sales branch, and 1 Meat Factory branch in Jeddah) strategically distributed in all major regions of the Kingdom that receive imported products through three ports (Jeddah Islamic Port, King Abdullah Port in Rabigh and King Abdul Aziz Port in Dammam and the air, lands ports).
- Fleet of more than 1,000 vehicles has been equipped with a Global Positioning System (GPS) and temperature tracking systems to deliver high quality products to different customer locations.
- Key customer base includes large supermarkets that have multiple stores across the main regions of Saudi Arabia such as Al Othaim, Panda, Carrefour, Al Danube, Lulu, Al Tamimi and BinDawood, as well as chains of prominent HORECA outlets such as Kudu, AlBaik, Shawarma House, Burgerizzr and many others.



Prominent Brands Distributed:

Owned Brands:



International Brands:





Kingdom's Outlook 2024

The forecasts for the Saudi economy 2024 are generally positive. Fitch predicted that the Saudi economy would grow between 2.6 and 3.3 percent, while Moody's expects growth of around 4.6 percent. The International Monetary Fund (IMF) raised its growth projections for the Kingdom to 4 percent in a short period. The budget statement from the Ministry of Finance has said that real GDP is expected to grow by 4.4 percent.

2024 inflation levels are expected to drop to 2.1% compared to 2.3% in 2023. As the inflationary environment stabilizes further, we expect demand for consumer goods to rise and consumer sentiment to improve and consequently, an increase in buyer's purchasing power.

Unemployment rate in Saudi Arabia eased at 5.1% (Total Population) and 8.6% (Saudis) for Q3 2023 is expected to drop further in 2024 due to the robust initiatives of the Kingdom.

Food Retail Market is forecasted to grow at a CAGR of +4% between 2023 and 2028. The growth of the market depends on several factors such as economic diversification, rising consumer spending power, and the growth in the tourism sector in Saudi Arabia.

Economic diversification under Vision 2030 is notably driving market growth. The initiative aims to reduce the country's reliance on oil revenues and promote a more diversified and dynamic economy. As part of this vision, strategic investments are being made in the retail sector to foster innovation, entrepreneurship, and job creation. Further, to confirm the importance of enhancing the competitiveness of the retail sector through digital transformation and technological innovation.

We are optimistic about the promising future for the Kingdom of Saudi Arabia (KSA) due to several key factors. Firstly, the evident political will demonstrated by the pursuit of Vision 2030 and the successful achievement of targets ahead of schedule. This commitment reflects a dedication to transformative change.

Secondly, the economic capacity of KSA is noteworthy, exemplified by the substantial state budget for the current year, where Kingdom has continued to expand spending, setting a budget of over SAR 1.2 trillion. This significant investment indicates a robust financial foundation for future growth and development.

Lastly, KSA's adaptability is evident in its handling of global changes and political events in recent years. The Kingdom's flexibility positions it well to navigate challenges and seize opportunities in an ever-evolving international landscape.

These factors collectively contribute to a positive outlook, suggesting that KSA is on a path towards continued prosperity and success.



Almunajem Strategy:

Our strategy is based on four pillars which aim to foster agility, adaptability and resilience in a dynamic market landscape. This comprehensive strategy reflects our commitment to sustainable growth, customer satisfaction and maintaining a competitive edge in the industry.



Developing and Diversifying Products:

To further strengthen its presence in the existing food categories and diversify its product offerings by adding new sub-categories, as well as adding new main food categories to meet diverse consumer needs. At the same time shifting focus to products having higher potential of growth and higher margins.

In 2023, the company was able to expand by adding new items to the Frozen Pastry range, Superfoods range (with likes of Cranberry, Acai and Edamame), and to the natural cheese range.

1

2



Enhancing Sales Channels:

To enhance food service channel especially fine dining and hotels and optimize online platform, keeping in mind the ongoing consumer shift towards these channels while maintaining the leadership position in the retail channels in terms of market share developing.

The company has launched its B2B application and will continue to invest in this direction in order to grow up the contribution of the online sales channel.

Not only that, the company has introduced a full range of premium Beef cuts, as a major step for taking its service for fine dining restaurants to the next level.

Last but not least, AMF has renewed in 2023 its leadership position in retail market share with the following categories:

- Frozen Whole Chicken
- Frozen Chicken Franks
- Frozen Fruits
- Frozen Vegetables
- Table Olive
- Frozen Dinners (Ready Meals)
- Frozen Potato

Almunajem Strategy:



Local Content and Manufacturing Capabilities:

We are committed to scaling up the meat factory , the factory was expanded during the year to reach 15,000 MT by adding production lines for poultry products.

The company is in a nonstop journey for diverting towards higher portion of local content. this strategic move will provide competitive advantage and added value to the company and its operations.

Not only that, but also Almunajem Foods has started co-packing a major volume of DARI whole chicken in Saudi Arabia, a fact which shall provide the company more immunity against any external – unexpected risk factors.

3

4



Providing Logistics Services to Third Parties:

Capitalizing on the expertise in the logistics operations, Almunajem Foods plans to expand 3rd party logistics services to provide end-to-end logistics support to its clients in the fields of medicine, food and others.



INVESTMENT CASE:

Almunajem has successfully cemented its track record for over 70 years as one of the leading players in F&B sector. The decades long presence indicates stability, a deep understanding of the business and trust of esteemed customers. At the same time continuously growing, innovating and diversifying to create strong and sustainable value for all stakeholders.





INVESTOR RELATIONS

Share Information

Listing date	20/12/2021
Exchange	Saudi Stock Exchange (Tadawul)
Symbol	4162
ISIN	SA15DGU21117
Number of shares issued	60,000,000
Free float	18,420,000

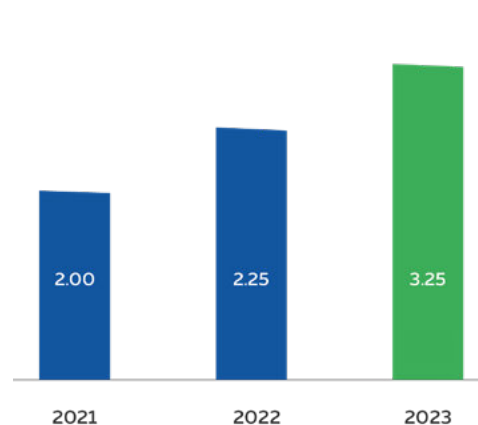
Metrics during 2023

Almunajem's share hit an intraday high of **SAR 79**
Market cap as of 31 December 2023 **SAR 4.422 million**
Closing price as of 31 December 2023 **73.70**
Number of Investor Meetings Held **+15**
Earnings Call Held **3**

Share Price Performance 2023



Dividend Per Share SAR



Share Data Performance (SAR)

Share Price
31 December 2023

73.70

Share Price
31 December 2022

61.40

52-week
Highest

79

52-week
Lowest

55



Major Shareholders

Name	Number of Shares	%
Abdullah Ali Almunajem Sons Closed Joint Stock Company	41,580,000	69.3%

Almunajem's 2023 Financial Calendar:

Date	Event
23/03/2023	FY 2022 Financial Results Announcement
08/05/2023	Ordinary General Assembly Meeting
11/05/2023	Q1 2023 Financial Results Announcement
17/05/2023	Distribution of Cash Dividends for 2nd half 2022
23/05/2023	FY 22 and Q1 23 Earnings call
22/08/2023	Distribution of Cash Dividends for 1st half 2023
06/08/2023	H1 2023 Financial Results Announcement
29/08/2023	H1 2023 Earnings call
06/11/2023	Q3 2023 Financial Results Announcement
20/11/2023	Q3 2023 Earnings call
03/12/2023	Distribution of Cash Dividends for 2nd half 2023

OUR PEOPLE & CULTURE

We are committed to creating a harmonious environment by intensifying our focus on human capital development, engaging with and training through a cross-pollination of talent to adapt the past phase in countering drastic challenges for business growth and transformation.

We capitalize our workforce to 2,065 with 19 nationalities across AMF and continuously expanding to support the rapid business expansions without compromising productivity, leveraging with our stepped-up recruitment campaign to employ high caliber talents but not limited to Rank-and-files, Seniors and Executives roles.



DEVELOPING LOCAL TALENT

Our commitment to support Vision 2030, yields the high Nitaqat rating and maintaining our Saudization percentage of 23% in 2023, while focusing in career development opportunities and providing high quality of jobs to attract and retain local talents.

Ensuring more emphasis on empowering Saudi women and employing Saudis with special needs in operational and administrative positions.





CORPORATE GOVERNANCE





CORPORATE GOVERNANCE

Almunajem Foods aims to ensure best corporate governance practices and have reliable policies and procedures that preserve the rights of shareholders and other stakeholders.

To achieve this goal, Almunajem Foods has an approved corporate governance system that complies with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, which includes the standards, frameworks, and determinants regulating the management of the Company to ensure adherence to the best practices that guarantees to protect the rights of its shareholders and other stakeholders.

The Company's corporate governance manual which is approved by the Board of Directors and Ordinary General Assembly includes the following broad areas:

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

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

Board of Directors is composed of 6 members, and among them are two (2) independent members. 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.

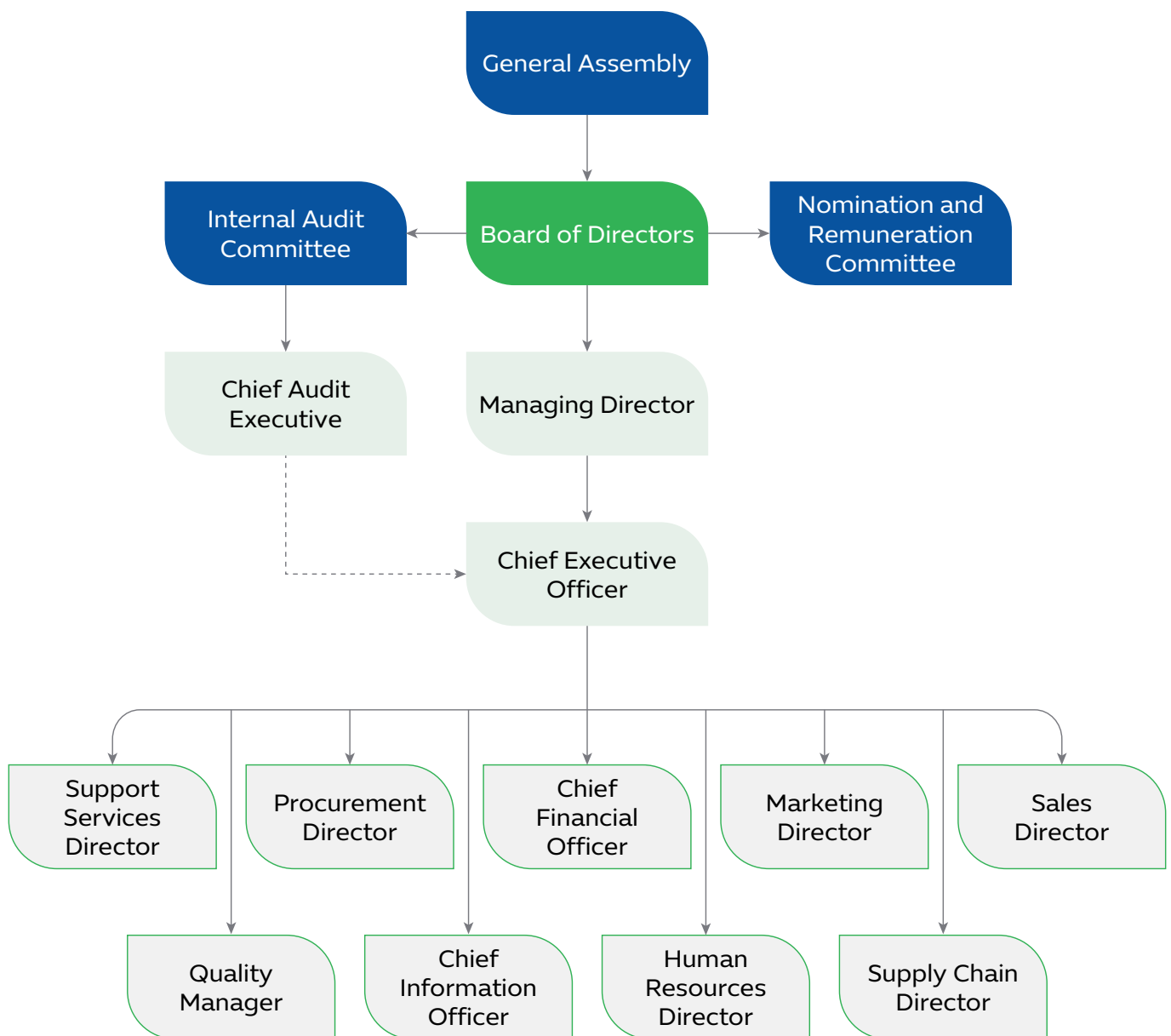
The Board has formed committees to enhance its functions, namely the Audit Committee, the Remuneration and Nomination Committee. The performance of these Committees is subject to periodic review by the Board of Directors in accordance with the statutory requirements.



Organizational Structure and Corporate Governance

The organizational structure of the Company consists of the Board of Directors and the Board committees, namely the Audit Committee and the Nomination and Remuneration Committee. The Board assumes final responsibility for guidance, general supervision and general control over the Company and Senior Executives.

Company structure chart:





BOARD OF DIRECTORS

Composition of the Board of Directors

Accordance with the regulations, 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, the Assembly General Meeting appointed the first Board of Directors for a period of five (5) years. The following table sets out the names of the Directors as of 31 December, 2023.

Board of Directors

The Board of Directors is comprised of six (6) Members. The following table sets out the names of the Members:

Membership	Membership classification	Name
Saleh Abdullah Almunajem*	Chairman	Non-Executive
Suliman Abdulrahman AlGuwaiz*	Vice Chairman	Independent
Fahad Abdulmohsen AlFadley*	Managing Director	Executive
Hasan Shakib AlJabri	Board Member	Independent
Abdullah Omar Bawazir	Board Member	Non-Executive
Mohammad Ibrahim AlRowette	Board Member	Non-Executive

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

Board of Directors

As of 31 December 2023

Mr. Saleh Abdullah Almunajem

Chairman - non-executive



Previous positions

- Branch Manager at Almunajem foods company
- General Manager of Sales and Procurement at Almunajem foods company

Experience

- More than 40 years of experience in trading and business management, and he also held various positions in different fields.
- Deputy General Manager at Almunajem Foods (Previously Almunajem Cold Stores)

Mr. Suliman Abdulrahman AlGuwaiz

Vice Chairman – Independent



Previous positions

- Governor of the General Social Insurance Corporation ('GOSI')
- Deputy CEO of Riyadh Bank
- Trading Division Head for the Corporate Bank of Samba Financial Group

Qualifications

- Bachelor of Business Management from the University of Portland, USA

Experience

- Extensive experience in the areas of banking operations, finance, credit, and general business management

Eng. Fahad Abdulmohsen AlFadley

Managing Director



Current positions	<ul style="list-style-type: none"> CEO at Ali Abdullah Almunajem Sons
Previous positions	<ul style="list-style-type: none"> CEO at Almunajem Foods Company General Manager of Business Affairs at Yamamah Cement Company Senior Customer Sales Manager, Planning and Operating Manger and Marketing researcher at SABIC
Qualifications	<ul style="list-style-type: none"> Bachelor of Chemical Engineering From King Saud University
Experience	<ul style="list-style-type: none"> Extensive experience in the field of management during his more than 20-year career through which he assumed many leadership positions

Eng. Hasan Shakib AlJabri

Independent Member



Current positions	<ul style="list-style-type: none"> CEO at Saudi Economic And Development Company ('SEDCO holding')
Previous positions	<ul style="list-style-type: none"> Head of investment banking at SNB capital Head of investment Banking at Saudi National Bank Deputy CEO at Dar Al-Maal Al-Islami Head of Western Region of Corporate Banking and Senior Manager of Credit Services at Saudi National Bank ('SAMBA')
Qualifications	<ul style="list-style-type: none"> Bachelor of agricultural engineering from the American University of Beirut
Experience	<ul style="list-style-type: none"> Extensive experience in finance and management during his experience which is over 35 years, he has experience in investment banking, corporate finance in Middle East and North Africa

Mr. Abdullah Omar Bawazir

Member



Current positions	<ul style="list-style-type: none"> CFO at Ali Abdullah Almunajem Sons
Previous positions	<ul style="list-style-type: none"> CFO at Almunajem Foods Company Finance manager at Gulf Catering Company Auditor, Audit Supervisor and Audit Manager at Ernst and Young
Qualifications	<ul style="list-style-type: none"> Bachelor of Accounting from King Saud University
Experience	<ul style="list-style-type: none"> Mr. Abdullah has over 30 years' experience in financial management and auditing

Mr. Mohammad Ibrahim AlRowette

Member



Current positions	<ul style="list-style-type: none"> CEO at Four Steps International
Previous positions	<ul style="list-style-type: none"> Deputy CEO at Saudi Research and Media Group Marketing Manager at Lazurde Group Marketing Manager at Coca-Cola Company Assistance Marketing Manager at Savola Group
Qualifications	<ul style="list-style-type: none"> Bachelor of Business administration from University of Southern California, USA
Experience	<ul style="list-style-type: none"> Mr. Mohammed has extensive knowledge and over 30 years of experience in marketing and management.



Companies' name where Board Members are or were Board Members in

Name	Current memberships	KSA	Abroad	Legal Entity	Previous memberships	KSA	Abroad	Legal Entity
Saleh Abdullah Almunajem	Ali Abdullah Almunajem Sons	✓		Closed Joint Stock Company	Chairman of Saudi Spanish Business Council	✓		Governmental
	Alkafaa Real Estate Company	✓		Closed Joint Stock Company	Member of Saudi Moroccan Business Council	✓		Governmental
					Member of Saudi Indian Business Council	✓		Governmental
Suliman Abdul-rahman AlGuwaiz	Saudi Industrial Investment Group	✓		Listed Joint Stock Company	Future work company	✓		Closed Joint Stock Company
	Etiihad Etisalat Co (Mobily)	✓		Listed Joint Stock Company	Banque Saudi Fransi	✓		Listed Joint Stock Company
	Saudi Awwal Bank (SABB)	✓		Listed Joint Stock Company	National Industries Company (NIC)	✓		Listed Joint Stock Company
	Chair of Blackrock Saudi Arabia	✓		Closed Joint Stock Company	Ajil Financial Services	✓		Closed Joint Stock Company
	The Saudi Agricultural and Livestock Investment Company	✓		Closed Joint Stock Company	Hassana Investment Company (HIC)	✓		Closed Joint Stock Company
					Chair of LIVA Insurance Co.	✓		Listed Joint Stock Company
					Royal and Sun Alliance Insurance (Middle East)		✓	Closed Joint Stock Company
					Saudi Arabian Mining Company (Maaden)	✓		Listed Joint Stock Company
					Master Card International (Africa and South Asia)		✓	Limited Liability Company
Fahad Abdulmohsen AlFadley	Chair of France poultry company	✓		Closed Joint Stock Company				



Companies' name where Board Members are or were Board Members in

Name	Current memberships	KSA	Abroad	Legal Entity	Previous memberships	KSA	Abroad	Legal Entity
Hasan Shakib AlJabri	Jeddah transports	✓		Government Linked Company	Chair of SEDCO Capital -Luxembourg		✓	Limited Liability Company
	Saudi Economic And Development Company (SEDCO holding)	✓		Closed Joint Stock Company	Ahmad Mohamed Saleh Baeshen & Co	✓		Closed Joint Stock Company
	Arabian Petroleum Supply company (APSCO)	✓		Closed Joint Stock Company	Saudi Economic And Development Company (SEDCO holding)	✓		Closed Joint Stock Company
	Board member and Chair of investment committee at Abunayyan Holding company	✓		Closed Joint Stock Company	Roots Group Arabia Co.	✓		Closed Joint Stock Company
	Franklin Templeton	✓		Closed Joint Stock Company	Saudi Airlines Catering	✓		Listed Joint Stock Company
	Dar Altamleek	✓		Closed Joint Stock Company	Managing director at SNB Capital	✓		Closed Joint Stock Company
					Elaf Traveling Group	✓		Limited Liability Company
Abdullah Omar Bawazir	Board Member France poultry company		✓	Closed Joint Stock Company	Yusur International School	✓		Limited Liability Company
Mohammad Ibrahim AlRowette	Board Member st Dr. Mohammad Rashid Alfagih & partners co	✓		Vice president of Marketing committee - Riyadh Chamber	Closed Joint Stock Company	✓		Governmental
					Marketing Consulting association	✓		Non-profit organization
					Manafa Company	✓		Closed Joint Stock Company



The following table shows any interest of the Board members, their wives, and minor children in the shares of the Company and any change in that interest or those rights during the fiscal year 2023:

Members	Note	Share ownership		
		Opening balance (Jan 2023)	Closing Balance (Dec 2023)	Percentage change
Saleh Abdullah Almunajem	Indirect ownership	5,880,000	5,880,000	0
Suliman Abdulrahman AlGuwaiz	-	-	-	-
Fahad Abdulmohsen AlFadley	-	-	-	-
Hasan Shakib AlJabri	-	-	-	-
Abdullah Omar Bawazir	-	-	-	-
Mohammad Ibrahim AlRowette	-	-	-	-

Board Committees

The Company has established an appropriate number of Committees as required by the Company's needs and circumstances, allowing the Board to effectively perform its duties. Board Committees shall be formed according to general procedures set by the Board of Directors, which include determining the Committee's tasks, the duration of its work, the powers granted thereto and manner by which the Board of Directors shall monitor its activities. The Committee must inform the Board of its activities, findings, or decisions taken with absolute transparency, and the Board shall periodically follow up on Committee work to verify that they are carrying out the tasks entrusted thereto.

The following is a summary of the structure, responsibilities, and current members of each permanent Committee:

Audit Committee

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity and veracity of its reports, financial statements and internal control systems. The Committee's tasks include the following:

1. Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
2. Providing technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
3. Analyzing any important or non-familiar issues contained in the financial reports.



4. Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
5. Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
6. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
7. Studying and reviewing the Company's internal and financial control and risk management systems
8. Reviewing internal audit reports and follow up on the implementation of corrective measures in respect of the remarks made in such reports.
9. Monitoring and overseeing the performance and activities of the internal auditor and the Company's internal audit department, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned tasks and duties. If the Company does not have an internal auditor, then the committee shall submit its recommendation to the Board on whether there is a need for appointing an auditor.
10. Recommending the Board of Directors to appoint the head of the internal audit unit or department director, or an internal auditor, and propose his/ her remunerations.
11. Recommending the Board of Directors to nominate, dismiss, determine the remuneration, and evaluate the performance of the external auditors, after verifying their independence and reviewing the scope of their work and the terms of their contracts.
12. Verifying the external auditors' independence, objectivity and fairness, and the effectiveness of audit work, taking into account relevant rules and standards
13. Reviewing the plan and work of the Company's external auditors, and ensuring that it does not provided any technical or administrative works that are beyond the scope of work, and express its opinion thereon.
14. Responding to the queries of the Company's external auditors.
15. Reviewing the external auditors' report and notes on the financial statements and follow up on actions taken in their regard.
16. Reviewing the findings of the supervisory authorities' reports and ensuring that the Company has taken the necessary measures in that regard.
17. Verifying the Company's compliance with relevant laws, regulations, policies and instructions.
18. Reviewing the contracts and the Related Party Transactions and providing its recommendations in this regard to the Board of Directors.
19. 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.
20. 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.
21. The Audit Committee shall be one of the Committees emanating from the Board of Directors. The committee shall consist of three (3) members from among shareholders or others, provided that it includes at least one independent member and does not include any executive members of the Board of Directors. In addition, at least one member of the Committee shall be specialized in financial and accounting affairs, and it is not permissible for anyone who works or has worked during the past two years in the executive or financial management of the Company or for the Company's auditor, to be a member of the Audit Committee. A member shall be deemed a specialist in financial and accounting affairs if they hold a bachelor's degree in accounting or equivalent thereof and has no less than seven years practical experience in the field of accounting and auditing, reduced to five years if holding a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification approved by the SOCPA.



Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for Board membership and who satisfy membership requirements, as well as assist the Board in establishing a sound governing system and building the necessary policies and procedures therefor. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

1. Nominating individuals qualified to become Board members.
2. Conducting an annual review of Board membership requirements, which shall include the candidates' capabilities, experience and availability to fulfil their Board responsibilities.
3. Reviewing the structure of the Board and recommend amendments that serve the Company's best interests.
4. Determining the strengths and weaknesses of the Board of Directors and proposing the required amendments that serve the Company's best interests.
5. Nominating candidates for the positions of CEO and Managing Director as well as nominating committee members for approval by the Board or the General Assembly.
6. Reviewing the policies and procedures for approving the Board of Directors prior to adoption by the General Assembly.
7. Monitoring the independence of independent Board members and monitoring any conflicts of interest, on an annual basis.
8. Reviewing the preparatory materials and training courses for new Board members
9. Establishing clear policies regarding the remuneration of managers and Senior Executives
10. Reviewing and proposing plans for the assumption of key executive functions.
11. Reviewing the Company's overall structure for rewards and benefits, which includes employment grades, wages and benefits structure, as well as performance-related rewards and incentives.
12. Approving changes in the remuneration of the CEO, and a recommendation to change the remuneration of the Managing Director, members of the Board of Directors, and members of the various Board committees.
13. Approving extraordinary remuneration (recruitment or performance remuneration) for the CEO and senior positions.
14. The Nominations and Remunerations Committee shall be one of the committees emanating from the Board of Directors. The committee shall be composed of at least (3) members, subject to the following:
 - All members of the committee shall be non-executive members of the Board of Directors, provided that they include at least one independent member.
 - The Chairman of the committee shall be an independent member.
 - The Chairman of the Board of Directors shall not also occupy the position of Chairman of the committee.
 - Members of the committee should possess the proper qualifications, appropriate practical training, and knowledge of the administrative aspects and nature of the Company's business.

The Nominations and Remunerations Committee shall be formed by a Board resolution. Upon the recommendation on the Board, the Company's General Assembly, shall adopt the charters of the Nominations and Remunerations 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.



Board of Directors' Meetings

The following table shows the attendance of the members of the Board of Directors for the Board meetings and its committees' during the financial year ending on 31 December 2023:

Board of directors' held two (2) meetings, As following table shows:

Member Name	Nature of Membership	Meetings	
		First Meeting 23/03/2023	Second Meeting 13/12/2023
Saleh Abdullah AlMunajem	Chairman	✓	✓
Suliman Abdulrahman AlGuwaiz	Vice Chairman	✓	✓
Fahad Abdulmohsen AlFadley	Managing Director	✓	✓
Hasan Shakib AlJabri	Board Member	✓	✓
Abdullah Omar Bawazir	Board Member	✓	✓
Mohammad Ibrahim AlRowette	Board Member	✓	✓

Audit Committee held Five (5) meetings, As following table shows:

Member Name	Nature of Membership	Meetings			
		First Meeting 15/03/2023	Second Meeting 09/05/2023	Third Meeting 02/08/2023	Fourth Meeting 01/11/2023
Suliman Abdulrahman AlGuwaiz	Chairman	✓	✓	✓	✓
Hasan Shakib AlJabri	Member	✓	✓	✓	✓
Abdullah Omar Bawazir	Member	✓	✓	✓	✓



**Nomination and Remuneration Committee held two (2) meetings,
As following table shows:**

Member Name	Nature of Membership	Meetings	
		First Meeting 13/04/2023	Second Meeting 28/11/2023
Hasan Shakib AlJabri	Chairman	✓	✓
Abdullah Omar Bawazir	Member	✓	✓
Mohammad Ibrahim AlRowette	Member	✓	✓

Remunerations of the members of the Board of Directors

According to the company's by law, the remuneration of board members is determined by the assembly general meeting, in accordance with the corporate regulations.

The remuneration of Board members may consist of: a specified sum; an attendance fee; expense fees; other in-kind benefits; or a combination of two (2) of those benefits. The remuneration of a Board member shall not exceed the limit stated in the Companies Law, and shall be in line with the Remuneration Policy for the Board, Committees, and Executive Management, and any amendments that may take place in the future to be approved in line with relevant regulations.

It should be noted that, according to the company's bylaw, board members don't have the power to vote on their Remunerations.

The remuneration of Senior Executives is determined according to the employment contracts concluded therewith in accordance with the remuneration policy approved by the Nomination and Remuneration Committee. Furthermore, neither the Directors or Senior Executives have the power to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.



Fixed remunerations

[illegible]



Remunerations of Board Committee's Members

Remuneration of Audit Committee members:

Audit Committee members	Fixed remuneration	Allowance for attending Committee meetings	Total allowances	Total
Suliman Abdulrahman AlGuwaiz	50,000	3,000	12,000	62,000
Abdullah Omar Bawazir	50,000	3,000	12,000	62,000
Hasan Shakib AlJabri	50,000	3,000	12,000	62,000
Total	186,000			

Remuneration of Nomination and Remuneration Committee Members:

Nomination and Remuneration Committee members	Fixed remuneration	Allowance for attending Committee meetings	Total allowances	Total
Hasan Shakib AlJabri	50,000	3,000	6,000	56,000
Abdullah Omar Bawazir	50,000	3,000	6,000	56,000
Mohammad Ibrahim AlRowette	50,000	3,000	6,000	56,000
Total	168,000			

It should be noted that there is no waiver of remuneration by members of the board of directors or Committee's Members.

Statement of the dates of the General Assemblies held during the year 2023, and the names of the Board members attending these meetings:

As stipulated in the company's articles of association in Article (29) that the general assembly shall be held at least once a year during the six (6) months following the end of the company's financial year, and other ordinary general assemblies may be called whenever the need arises

The General Assembly of Shareholders (Ordinary)

The Ordinary General Assembly (first meeting) was held via means of modern technology on 08/05/2023, with the quorum for the meeting met. The shareholder attendance rate for the meeting was (72.12%); as such, the assembly is valid as it adheres to the Company's articles of association, and rules and related regulations, The meeting was held in the presence of the following members of the Board of Directors:

Name	Nature of Membership	Attendance
Saleh Abdullah Almunajem	Chairman	✓
Suliman Abdulrahman AlGuwaiz	Vice Chairman	✓
Fahad Abdulmohsen AlFadley	Managing Director	✓
Hasan Shakib AlJabri	Board Member	✓
Abdullah Omar Bawazir	Board Member	✓
Mohammad Ibrahim AlRowette	Board Member	✓



The results of the Ordinary General Assembly held on 8/05/2023 AD resulted in the approval of the shareholders on all the items presented, as follows:

1. Board of directors' report for the fiscal year ending on 12/31/2022 AD was reviewed and discussed.
2. Financial statements for the fiscal year ending on 12/31/2022 AD was reviewed and discussed.
3. Approved the External Auditors Report for the financial year ending on 12/31/2022 AD.
4. Approved discharging the Board members from any liabilities for the fiscal year ended 12/31/2022 AD.
5. Approved on paying an amount of (1,500,000) SAR as remuneration to the Board members for the fiscal year ending on 12/31/2022 AD.
6. Approved on the recommendation of the Board of Directors to distribute interim cash dividends to shareholders for the second half of the fiscal year ending on 12/31/2022 AD, amounting to (60,000,000 SAR) sixty million Saudi Riyals, at 1 SAR per share; which represents of 10% of par value. Eligibility for dividends to the shareholders registered in Depository Center (Edaa) at the end of the second trading day following the eligibility date, which will be announced at a later date.
7. Approved the appointment of KPMG as the auditor of the Company from among the candidates based on the Audit Committee's recommendation to review and audit the second, third quarters of the fiscal year 2023, and the annual financial statements of the fiscal year ended on 31/12/2023 and the first quarter of 2024 with determining his fees.
8. Approved on delegating the Board of Directors to distribute interim dividends on a biannual / quarterly basis for the fiscal year 2023.
9. Approved on the business and contracts that were done between the company and France Poultry, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir, have indirect interest in it, which is the business of procurement of foodstuffs from France Poultry. The value of these works during the year 2022 AD amounted to SAR (571,576,751) five hundred and seventy-one million five hundred and seventy-six thousand seven hundred and fifty-one Saudi Riyals, noting that there are no preferential conditions in these works.
10. Approved on the business and contracts that were done between the company and the Shawaya House Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which is the business of selling foodstuffs to the Shawaya House Company. The value of these works during the year 2022 AD amounted to SAR (26,181,815) twenty-six million one hundred and eighty-one thousand eight hundred and fifteen Saudi Riyals, noting that there are no preferential conditions in these works.
11. Approved on the business and contracts that were done between the company and Shawaya House Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which are transactions related to expenses of joint services and purchases of meals for workers From the Shawaya House Company, and the value of these transactions during the year 2022 AD amounted to SAR (121,592) one hundred and twenty-one thousand five hundred and ninety-two Saudi Riyals, noting that there are no preferential conditions in these works.
12. Approved on the business and contracts that were done between the company and Gulf Catering Company, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley, and Mr. Abdullah Omar Bawazir have indirect interest in it, which is the business of selling foodstuffs to the Gulf Catering Company, The value of these works during the year 2022 AD amounted to SAR (12,847,705) twelve million eight hundred and forty-seven thousand seven hundred and five Saudi Riyals, noting that there are no preferential conditions in these works.



13. Approved on the business and contracts that were done between the company and Gulf Catering Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which are transactions related to expenses of joint services and purchases of meals for workers From the Gulf Catering Company, and the value of these works during the year 2022 AD amounted to SAR (663,317) six hundred and sixty-three thousand, three hundred and seventeen Saudi Riyals, noting that there are no preferential conditions in these works.
14. Approved on the business and contracts that were done between the company and the Diet Center Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which is the business of selling foodstuffs to the Diet Center Company. The value of these works during the year 2022 AD amounted to SAR (5,882,477) five million eight hundred and eighty-two thousand four hundred and seventy-seven Saudi Riyals, noting that there are no preferential conditions in these works.
15. Approved on the business and contracts that were done between the company and the Diet Center Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which is a business of procurement of foodstuffs from the Diet Center company, and the value of these works during the year 2022 AD amounted to SAR (3,866,113) three million eight hundred and sixty-six thousand one hundred and thirteen Saudi Riyals, noting that there are no preferential conditions in these works.
16. Approved on the business and contracts that were done between the company and the Diet Center Company, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley, and Mr. Abdullah Omar Bawazir have indirect interest in it, which are transactions related to expenses of joint services, and the value of these works during the year 2022 AD amounted to SAR (1,323,651) one million three hundred and twenty-three thousand six hundred and fifty-one Saudi Riyals, noting that there are no preferential conditions in these works.
17. Approved on the business and contracts that were done between the company and the Saudi Zad Company, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley, and Mr. Abdullah Omar Bawazir, have indirect interest in it, which is the business of selling foodstuffs to the Saudi Zad Company, and the value of these works during the year 2022 AD amounted to SAR (533,522) five hundred and thirty-three thousand five hundred and twenty-two Saudi Riyals, noting that there are no preferential conditions in these works.
18. Approved on the business and contracts that were done between the company and the Saudi Zad Company, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley, and Mr. Abdullah Omar Bawazir have indirect interest in it, which are transactions related to expenses of joint services, and purchases of food meals For the employees of Al-Zad Company, and the value of these works during the year 2022 AD amounted to SAR (15,718) fifteen thousand seven hundred and eighteen Saudi Riyals, noting that there are no preferential conditions in these works.
19. Approved on the business and contracts that were done between the company and Thati Limited Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which is the business of selling foodstuffs for Thati Limited Company, and the value of these works during the year 2022 AD is the amounted to SAR (265,563) two hundred and sixty-five thousand five hundred and sixty-three Saudi Riyals, noting that there are no preferential conditions in these works.



20. Approved on the business and contracts that were done between the company and Thati Limited Company, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley, and Mr. Abdullah Omar Bawazir have indirect interest in it, which are business related to expenses of joint services, and the value of these works during the year 2022 AD amounted to SAR (39,714) thirty-nine thousand seven hundred and fourteen Saudi Riyals, noting that there are no preferential conditions in these works.
21. Approved on the business and contracts that were done between the company and Buraidah Trading and Refrigeration Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which is about the business of purchasing equipment and boxes for cooling and freezing from Buraidah Trading and Refrigeration Company, and the value of these works during the year 2022 AD amounted to SAR (2,340,700) two million, three hundred and forty thousand and seven hundred Saudi Riyals, noting that there are no preferential conditions in this works.
22. Approved on the business and contracts that were done between the company and Buraidah Trading and Refrigeration Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, which are works related to expenses of joint services and purchasing equipment and boxes for cooling and freezing is from Buraidah Trading Refrigeration Company, and the value of these works during the year 2022 AD amounted to SAR (243,956) two hundred and forty-three thousand nine hundred and fifty-six Saudi Riyals, noting that there are no preferential conditions in these works.
23. Approved on the business and contracts that were done between the company and Al-Kafaa Real Estate Company, in which the members of the Board of Directors, Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley, and Mr. Abdullah Omar Bawazir have indirect interest in it, related to the company's renting of work and housing sites from Al-Kafaa Real Estate Company, and the value of these works during the year 2022 AD amounted to SAR (728,509) seven hundred and twenty-eight thousand five hundred and nine Saudi Riyals, noting that there are no preferential conditions in these works.
24. Approved on the business and contracts that were done between the company and Abdullah Al-Ali Al-Munajem Sons Company, in which the members of the Board of Directors Mr. Saleh bin Abdullah Almunajem, Mr. Fahad bin Abdul Mohsen Alfadley and Mr. Abdullah Omar Bawazir have indirect interest in it, related to the company's renting of work sites from Abdullah Al-Ali Al-munajem Sons Company and joint service expenses, and the value of these works during the year 2022 AD amounted to SAR (1,167,951) one million one hundred and sixty-seven thousand nine hundred and fifty-one Saudi Riyals, noting that there are no preferential conditions in these works.
25. Approved on the business and contracts that were done between the company and the Four Steps Marketing Corporation, in which a member of the Board of Directors, Mr. Muhammad bin Ibrahim Alrowette, has a direct interest in it. It is an agreement to provide marketing consultancy to the company for a period of one year, and the value of these works during the year 2022 AD amounted to SAR (98,500) Ninety-eight thousand five hundred Saudi Riyals, bearing in mind that there are no preferential conditions in this works.
26. Approved on the business and contracts that were done between the company and Mr. Abdulaziz bin Abdullah Almunajem, in which the Chairman of the Board of Directors, Mr. Saleh bin Abdullah Al-Munajem, has indirect interest in it and the value of these works during the year 2022 AD amounted to SAR (46,600) forty-six thousand six hundred Saudi Riyals, bearing in mind that there are no preferential conditions in this works.

Senior Management

The Company's Senior Management is comprised of qualified Saudi and non-Saudi members with international and local expertise in the import, trade, marketing and export of frozen fruits and vegetables, chilled and frozen meat, and foodstuffs of all kinds. The chief responsibility of the CEO is to manage the affairs of the Company and supervise its performance in line with the objectives and directives of the Board of Directors and the 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:

Engineer / Thamer bin Abdulaziz Abanumay

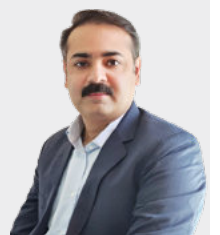
Chief Executive Officer of almunajem Food Company



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. He 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 AlRajhi Industrial Group, and a board member in the Saudi Petrochemical Company (Sadaf). He is also a member of the Marketing Committee in the Board of Directors from 2012 to 2015.

Mr. / Muhammad Salman Mehmood

Chief Financial Officer of almunjem 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).

Mohammed Ali Al-Munajem

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.

Majed Mohammed Al-Bakheet

Human Resources Director



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 Elissar Technologies Company in Canada. He also worked as an information systems manager for North America at MeadWestvaco 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

Chief Audit Executive



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 R.S.M - Richer in Canada. 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).

Mohamed Attia Abdelhadi

Quality Assurance Director



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 Almunaajem 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 Abdulghani El Danab

Procurement Director



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

The following table shows any interest of the Senior Executives, their wives and minor children in the shares of the Company and any change in that interest or those rights during the fiscal year 2023:

Members	Notes	Share ownership		
		Opening Balance (Jan 2023)	Closing Balance (Dec 2023)	percentage change
Thamer Abdulaziz Abanumay		-	-	-
Muhammad Salman Mehmood		-	-	-
Mohammed Ali Almunaajem	Indirect ownership	870,000	870,000	0
Mazen Abdulghani El Danab		-	-	-
Mostapha Mohsen Fawaz		-	-	-
Ali Fayez Khreis		-	-	-
Majed Mohammed Al-Bakeet		-	-	-
Mohamed Attia Abdelhadi		-	-	-
Mazen Abdelwahid		-	-	-
Rabih Bouzeineddine		-	-	-



Top five (5) senior executives who received the highest remuneration from the company, including the CEO and CFO

	Fixed remuneration					Variable remuneration							
	Salaries	Allowances	In-Kind benefits	Total	Periodic remuneration	profits	Short term incentive plans	Long term incentive plans	Granted shares	Total	end of service award	Total remuneration for Board- if any	Grand total
2023	4,008,721	826,103		4,834,824	2,226,257					2,226,257	779,774		7,840,855
2022	3,874,577	526,296		4,400,873	830,620					830,620	384,353		5,615,846

The Company disclosed the remunerations granted to senior executives in total in accordance with the statutory requirements contained in sub-paragraph (4/b) of paragraph (A) of article no. (90) of Corporate Governance Regulations, without disclosing it in detail; to protect the interest of the Company from the damage that may be inflicted in case of disclosing in detail, and this damage is represented in creating an atmosphere of competition and job instability, which will be reflected on the company's performance and consequently on the shareholders.

Requests for the Shareholders' Register

The company requested the shareholder register from the Securities Depository Center Company (Edaa) 5 times during the year 2023, The table below shows date of the request with the purposes:

The number of the company's requests for the register of shareholders	Date of request of the shareholders register	Reason for the request
1	2/5/2023	AGM
2	15/8/2023	Others
3	20/8/2023	Corporate Action
4	20/8/2023	Dividend Entitlement
5	14/9/2023	Others



Related Party Transactions

During its normal business cycle, the Company deals with Related Parties, and these transactions are done under the same terms applied to the transactions being done with other parties, and the following is the information relating to any business or contract to which the Company is a party and in which a Director of the Company, a Senior Executive or any person related to any of them have interest in, or any transaction between the Company and any Related Party

Statement of the business or contract to which the Company is a party and in which a Director of the Company, a Senior Executive or any person related to any of them have an interest in

During the fiscal year 2023, some contracts continued, to which the Company was a party, and in which a Director of the Company has an interest in and some of these contracts were agreed upon in previous years and come as an extension of continuous relations that began before the fiscal year 2023.

Related party	type of interest	Contract/purchase order party	Transaction type/ contract/purchase order nature	Transaction conditions/ terms	Contract/ purchase order value (SAR)
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	France poultry	Purchases of foodstuffs	No preferential conditions in these works	545,935,099
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Shawaya House	Selling foodstuffs	No preferential conditions in these works	30,879,098
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Shawaya House	Expenses of joint services and purchases of meals for workers	No preferential conditions in these works	205,732
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Gulf Catering Company	Selling foodstuffs	No preferential conditions in these works	7,609,468
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Gulf Catering Company	Expenses of joint services and purchases of meals for workers	No preferential conditions in these works	607,613
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Diet Center Company	Selling foodstuffs	No preferential conditions in these works	5,351,440
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Diet Center Company	Purchases of foodstuffs	No preferential conditions in these works	5,639,948



Related party	type of interest	Contract/purchase order party	Transaction type/ contract/purchase order nature	Transaction conditions/ terms	Contract/ purchase order value (SAR)
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Diet Center Company	Expenses of joint services	No preferential conditions in these works	971,539
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Saudi Zad Company	Selling foodstuffs	No preferential conditions in these works	475,754
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Saudi Zad Company	Expenses of joint services and purchases of meals for workers	No preferential conditions in these works	137,081
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Thati Limited Company	Selling foodstuffs	No preferential conditions in these works	9,270
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Thati Limited Company	Expenses of joint services	No preferential conditions in these works	33,074
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Buraidah Trading and Refrigeration Company	Purchasing equipment and boxes for cooling and freezing	No preferential conditions in these works	3,476,500
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Buraidah Trading and Refrigeration Company	Expenses of joint services and purchasing equipment and boxes for cooling and freezing	No preferential conditions in these works	158,901
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Al-Kafaa Real Estate Company	Renting of work and housing sites	No preferential conditions in these works	890,032
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Abdullah Al-Ali Al-Munajem Sons Company	Renting of work and housing sites and joint service expenses	No preferential conditions in these works	2,474,579
Saleh bin Abdullah Almunajem Fahad bin Abdul Mohsen Alfadley Abdullah Omar Bawazir	indirect interest	Abdulaziz bin Abdullah Almunajem	The company rents housing for one of its employees	No preferential conditions in these works	23,300
Muhammad bin Ibrahim Alrowette	direct interest	Four Steps Marketing Corporation	An agreement to provide marketing consultancy to the company	No preferential conditions in these works	105,000



Tadawul Announcements

Almunajem company announced a number of events and strategic activities throughout the year. The most important events, activities and strategic decisions were announced on the official website of the Saudi Stock Exchange (Tadawul), And on the investor relations page on the company's website. In total, 20 announcements were made to shareholders. The following table summarizes the announcements by date, type, and subject.

No.	Date	Type of Announcement	Title of Announcement
1	8/02/2023	Notice to Shareholders	Almunajem Foods Co. announces signing a Memorandum of Understanding with Alwashim Poultry Company
2	23/03/2023	Notice to Shareholders	Almunajem Foods Company. announces the distribution of cash dividend for the second half of 2022
3	23/03/2023	Financial Results	Almunajem Foods Co. announces its annual Financial Results for the Period Ending on 2022-12-31 (Twelve Months)
4	13/04/2023	Invitation to AGM	Almunajem Foods Co. announces to Invites its Shareholders to Attend the (First Meeting) Ordinary General Assembly Meeting
5	16/04/2023	Financial Results	Almunajem Foods Co. announces its Interim Financial (Estimated) Results for the Period Ending on 2023-03-31 (Three Months)
6	07/05/2023	Invitation to AGM	Almunajem Foods Company Announces the starting of electronic voting on the agenda of the Ordinary General Assembly Meeting (First meeting) (Reminder announcement)
7	09/05/2023	AGM Results	Almunajem Foods Co. Announces the Results of the Ordinary General Assembly Meeting, (First Meeting)
8	09/05/2023	Notice to Shareholders	Almunajem Foods Co. Announces the date of the distribution of dividends to shareholders for the second half of the fiscal year 2022
9	11/05/2023	Financial Results	Almunajem Foods Co. announces its Interim Financial Results for the Period Ending on 2023-03-31 (Three Months)
10	23/05/2023	Notice to Shareholders	Almunajem Foods Company announces that it has conducted an Earnings Conference Call with investors and analysts to discuss the fiscal year 2022 results
11	18/07/2023	Financial Results	Almunajem Foods Company announces the Estimated Financial Results for the Period Ended on 30-06-2023
12	18/07/2023	Notice to Shareholders	Almunajem Foods Co. announces the distribution of interim cash dividend for First Half 2023
13	24/07/2023	Notice to Shareholders	Almunajem foods company announces the latest developments regarding the (non-binding) memorandum of understanding signed with Alwashim Poultry Company



No.	Date	Type of Announcement	Title of Announcement
14	06/08/2023	Financial Results	Almunajem Foods Co. announces its Interim Financial Results for the Period Ending on 2023-06-30 (Six Months)
15	01/10/2023	Notice to Shareholders	Almunajem Foods Company announces the latest developments regarding the Memorandum of Understanding (non-binding) signed with Alwashim Poultry Company
16	15/10/2023	Financial Results	Almunajem Foods Co. announces its Interim Financial (Estimated) Results for the Period Ending on 2023-09-30 (Nine Months)
17	24/10/2023	Notice to Shareholders	Almunajem Foods Co. announces signing a Memorandum of Understanding with Balady Poultry Trading Company
18	24/10/2023	Notice to Shareholders	Almunajem Foods Co. Announces Contract Sign Off with Golden Chicken Company
19	06/11/2023	Financial Results	Almunajem Foods Co. announces its Interim Financial Results for the Period Ending on 2023-09-30 (Nine Months)
20	15/11/2023	Notice to Shareholders	Almunajem Foods Co. announces the distribution of cash dividend for Second Half of 2023

Dividends

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 dividends

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.

Distributed dividends during 2023

Announcement date	Eligibility date	Distribution date	Distribution Method	Percentage of Dividend to the Share Par Value	Amount per share (SAR)
23/03/2023	08/05/2023	17/05/2023	Account Transfer	10%	1
18/07/2023	06/08/2023	22/08/2023	Account Transfer	12.5%	1.25
18/11/2023	21/11/2023	03/12/2023	Account Transfer	20%	2

Unreceived dividends

Almunajem company is committed to upholding the rights of its shareholders, based on a principle of honesty, as it allows inquiry about the unreceived dividends to deliver them to the eligible shareholders who shall send their names, and personal identity card numbers via: IR@almunajemfoods.com or contact form through Investor relation page on the company's website.

Statutory payments

Almunajem Foods is committed to pay statutory fees and expenses to Saudi Government organizations as per the required laws and regulations. The following table provides details of payments of fees and charges in 2023 with a brief description:

Statutory Organization	Description	Reason	2023	2022
General Authority of Saudi Customs	Amounts paid or deducted as customs duties on imports and ports	Government requirement	221,573,545	221,877,122
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	436,707,284	382,848,326
General Organization for Social Insurance	Amounts paid or charged as 'social insurance' expenses, according to the Saudi Labor Law	Government requirement	5,943,226	5,554,358
Other legal organizations	Amounts paid or charged according to the various other rules	Government requirement	14,820,486	12,495,060



Annual Internal Audit Results, Review of Effectiveness of the Internal Control Procedures:

The Audit Committee assumes the responsibility for independent supervision and control of the Company's business and verifies the adequacy and integrity of the Company's financial statements and reports, internal control system, and accounting policies, and supervises the internal audit activity and the work performed by the external auditors in accordance with the Company's articles of association and relevant government regulations.

In the presence of the Committee's members, the external auditor (KPMG), and the management of the Company, the Committee reviewed and discussed the Company's audited Financial Statements for the Year Ended 31 Dec. 2023 and the auditor's report. After obtaining the required assurance from the management of the Company and the external auditor about the adequacy and integrity of the accounting policies and disclosures in the financial statements, the Committee informed the Board of Directors to recommend to the General Assembly the adoption of the audited financial statements for the year ended 31 Dec. 2023.

Also, the Committee discussed the financial performance of the Company for Q1, Q2 and Q3 of 2023 and obtained a sufficient understanding of the changes in financial results from the management of the Company. Furthermore, the Committee discussed and reviewed the Company's Financial Statements for Q1, Q2 and Q3 of 2023 with the external auditor, and oversaw the review reports submitted by the external auditor. The Committee, and after obtaining the required assurance from the management of the Company and the external auditor about the adequacy and integrity of the accounting policies and disclosures in the financial statements, recommended adopting the Company's financial statements for Q1, Q2 and Q3 of 2023.

The Committee also reviewed the internal audit reports issued during the year 2023, enquired on the status of the implementation of the corrective actions, and oversaw the work results of the internal audit plan for the year 2023 and the percentage of completion.

Internal and financial control system and the Committee's opinion:

Controls and their effectiveness are critical to achieving the Company's objectives, and the management of the Company is responsible for developing a comprehensive and effective internal control system. The internal control system is based on the Company's management's vision and discretion to establish a control system commensurate with the relative importance of financial and other inherent risks in the Company's activities. Therefore, the internal control system is designed to give reasonable assurance to avoid substantial errors and related losses.

Based on the tasks carried out by the Committee during 2023, in addition to the corrective actions implemented by the Company's management to enhance the internal control system in the Company and the oversight of the Committee on those corrective actions, the Committee did not find that there were substantial observations regarding the effectiveness of the Company's internal control system and procedures with a significant impact requiring disclosure, and the Committee believes that the Company has an internal control system that is reasonably effective in terms of design and application.

Suliman Abdulrahman Al-Gwaiz
Chairman of the Audit Committee



Procedures for Informing the Board Members of the Shareholders' Suggestions and Notes on the Company and its Performance

Almunajem foods Company gives special care to continuous communication with the Shareholders, stemming from its keenness to care for their rights and interests. The company has an Investor Relations department under the control of the Financial Department to inform the Board Members of the Shareholders' suggestions and observations to dealt with it and processed immediately.

This is done through a communication channels as follows:

Company's website: www.almunajemfoods.com through IR page

Telephone: +966 11 47 55555

Email: IR@almunajemfoods.com

Email: info@almunajemfoods.com

Investors can access all financial reports, company governance policy, announcements and relevant information on the investor relations page of the company's website, In addition, Quarterly and Annual Earnings call were held with the investors and financial analysts to discuss the financial results of the Company.

Board performance evaluation

The company merely evaluated the internal evaluation of the Board by the Remuneration and Nominations Committee for 2023.

The Remuneration and Nominations Committee currently evaluates the performance of the Board and its members through the approved evaluation forms. In the future, the Company will consider this assessment of the Board members from a specialized external body.

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

The Company attaches importance to all that it believes may be one of the risk factors that may face its operating, financial or market-related risks, those risks have been covered in detail in the prospectus. The Board of Directors is keen to follow up on these factors and look into every option to minimize them as much as you can, It discusses these factors in all board meetings and as a permanent item.

The table below shows the Company's assets, liabilities, and its business results of the past five fiscal years:

	2019	2020	2021	2022	2023
Assets	1,023,108	1,069,849	1,297,970	1,484,349	1,564,757
Liabilities	559,407	429,398	493,234	583,837	637,228
Sales	2,419,060	2,538,454	2,577,024	2,978,523	3,314,403
Net profit	109,165	229,679	166,092	290,202	282,213



The Company implemented all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except the provisions listed below:

Article No.	Article	Article Type	Justifications
37	Training	Guiding Article	The Company has its own plan to train its employees in various departments
67	Composition of the risk management committee	Guiding Article	The Board of Directors exercises the tasks of following up the risks on a regular basis, Risk factors discussed in all Board meetings.
82	Employee incentives	Guiding Article	The company has its own plan to motivate employees; It's worth mentioning the procedure of implementing for the motivate employees under the competence of the remuneration and nominations committee's.
84 - 85	Social initiatives	Guiding Article	The Company has its own plans with regard to motivating employees. It is worth noting that motivating employees and discussing a mechanism for this falls under the scope of the Board Remuneration and Nominations Committe
92	Formation of a Corporate Governance Committee	Guiding Article	A guiding article and the Company does not consider it necessary to form a governance committee at this time; The Company will comply with this Article when required.



Statement of the Board of Directors' Responsibilities:

- The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants.
- There are no modification contained under the external auditor's report concerning the Annual Financial Statements for the year ended 2023.
- There is no recommendation from the Board to replace the external auditors before the end of their term.
- There was no recommendation by the Audit Committee regarding the need to appoint internal auditors because the Company already has an Internal Audit department.

The Board confirms the following:

- Proper books of accounts have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue its activity.
- There were no recommendations by the Audit Committee which conflicts with Board resolutions, or any recommendations that the Board refused to take regarding the appointment, dismissal, determining the remuneration and assessment of the performance of external auditors to the Company, or appointment of internal auditors.
- No convertible debt instruments, contractual securities, preemptive right, or similar rights were issued or granted by the Company during the year 2023.
- No conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights were issued or granted by the Company during the year 2023 or any preceding years.
- No debt instruments were issued by the Company or its affiliates. Consequently, the Company did not purchase, redeem, or cancel any debt instruments or such securities mentioned above.
- There are no arrangements or agreements under which a member of the company's board of directors or a senior executive waived any remuneration.
- None of the company's shareholders waived any rights to profits in 2023.
- No investments have been made and no reserves have been set up for the benefit of the employees of the Company.
- There are no Treasury Shares held by the Company.
- The Company has no loans.
- Almunajem foods company was not subjected to any penalties or sanctions during the year 2023 by any supervisory, regulatory, or judicial unit.
- There is no material deviation between the remunerations paid to the Directors and Remuneration and Compensation Policy.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE YEAR ENDED
31 DECEMBER 2023



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

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

Strategic
Report

Corporate
Governance

Financial
Statements

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 2023, 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 material 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 2023, 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

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



Revenue recognition

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

Key audit matter	How the matter was addressed in our audit
<p>The Company's revenue for the year ended 31 December 2023 amounted to SAR 3,314 million (2022: SAR 2,978 million).</p> <p>Revenue is recognized in accordance with International Financial Reporting Standard 15 – Revenue from Contracts with Customers ("IFRS 15").</p> <p>Revenue from sales is recognized when a customer obtains controls of the goods based upon acceptance and delivery of the goods to the customer and issuance of a sales invoice.</p> <p>Revenue is one of the key indicators for measuring the performance of the entity and there is an inherent risk that revenues may be overstated at more than its actual value in order to increase profitability.</p> <p>Therefore, revenue recognition has been considered as a key audit matter.</p>	<p>We have performed the following, among other audit procedures:</p> <ul style="list-style-type: none">• 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 Company's customers.• Recalculated discounts and rebates for a sample of customers based on the 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, including anti-fraud controls.• 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.



Allowance for expected credit losses of trade receivables

With reference to Note (4) of the material 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 2023, the Company's gross trade receivables amounted to SAR 254.83 million (2022: SAR 260.2 million) against which a provision for expected credit losses of SR 3.8 million (2022: SAR 13.8 million) is established.</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 of trade receivables involved.</p>	<p>We have performed the following, among other audit procedures:</p> <ul style="list-style-type: none">Assessed the design, implementation, and operating effectiveness of the control around the assessment of expected credit loss for trade receivable.Assessed the significant assumptions used, including loss rates and those related to future economic events that are used to calculate the expected credit loss allowance.Tested the mathematical accuracy of the ECL model and tested the accuracy of the data used in the ECL model.involved our specialist in assessing the methodology applied by the management in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by management, and assessed the reasonable of impairment of trade receivables.Assessed the adequacy of the relevant disclosures included in the financial statements.

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 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.



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

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 9 Ramadan 1445 H

Corresponding to: 19 March 2024 G



STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Notes	2023 SAR	2022 SAR
ASSETS			
Non-current assets			
Property, plant, and equipment	8	265,419,060	272,307,365
Right-of-use assets	7	42,293,830	46,629,990
Intangible assets	9	1,515,399	1,521,585
Total non-current assets		309,228,289	320,458,940
CURRENT ASSETS			
Inventories	15	569,156,460	661,654,675
Trade receivables	11	251,006,879	246,382,666
Due from related parties	13-A	10,536,453	6,968,013
Prepayments and other assets	12	175,901,345	137,855,287
Cash and cash equivalent	10	248,927,926	111,029,404
TOTAL CURRENT ASSETS		1,255,529,063	1,163,890,045
TOTAL ASSETS		1,564,757,352	1,484,348,985
EQUITY AND LIABILITIES			
Equity			
Share capital	16-A	600,000,000	600,000,000
Statutory reserve	16-B	96,818,580	68,597,256
Actuarial valuation reserve		(5,168,148)	(4,972,434)
Retained earnings		235,878,819	236,886,901
Total equity		927,529,251	900,511,723
NON-CURRENT LIABILITIES			
Lease liabilities	7	37,014,636	40,749,176
Employees' benefit obligations	17	53,342,696	48,263,214
Total non-current assets		90,357,332	89,012,390
CURRENT LIABILITIES			
Lease liabilities	7	8,591,383	8,205,016
Zakat payable	20	19,541,041	18,840,788
VAT payable		23,585,712	24,279,790
Trade payables, accruals, and other liabilities	18	494,674,866	443,487,711
Due to related parties	13-B	477,767	11,567
Total current liabilities		546,870,769	494,824,872
TOTAL LIABILITIES		637,228,101	583,837,262
TOTAL EQUITY AND LIABILITIES		1,564,757,352	1,484,348,985

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 DECEMBER 31, 2023

	Notes	2023 SAR	2022 SAR
Revenue	14	3,314,403,329	2,978,522,624
Cost of revenue	15	(2,732,096,401)	(2,395,262,627)
Gross profit		582,306,928	583,259,997
Selling and distribution expenses	21	(260,628,267)	(253,137,044)
General and administrative expenses	22	(26,701,783)	(25,421,159)
Impairment loss on financial assets	11	(1,340,278)	(2,658,491)
Other income	23	8,003,155	9,109,914
Operating profit		301,639,755	311,153,217
Finance cost	24	(6,998,632)	(2,927,596)
Finance income	24	6,988,591	1,007,500
Finance costs, net		(10,041)	(1,920,096)
Profit before zakat		301,629,714	309,233,121
Zakat	20	(19,416,472)	(19,031,300)
NET PROFIT FOR THE YEAR		282,213,242	290,201,821
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employees' benefit obligations	17	(195,714)	573,198
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		282,017,528	290,775,019
EARNINGS PER SHARE			
Basic and diluted earnings per share from net profit	26	4.70	4.84

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital SAR	Statutory reserve SAR	Actuarial valuation reserve SAR	Retained earnings SAR	Total SAR
As at 1 January 2022	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 loss	-	-	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
Profit for the year	-	-	-	282,213,242	282,213,242
Other comprehensive loss	-	-	(195,714)	-	(195,714)
Total comprehensive income	-	-	(195,714)	282,213,242	282,017,528
Dividends (note 27)	-	-	-	(255,000,000)	(255,000,000)
Transfer to statutory reserve	-	28,221,324	-	(28,221,324)	-
As at 31 December 2023	600,000,000	96,818,580	(5,168,148)	235,878,819	927,529,251

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023 SAR	2022 SAR
OPERATING ACTIVITIES			
Profit before zakat		301,629,714	309,233,121
Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities			
Depreciation of right-of-use assets	7	8,057,423	9,030,954
Depreciation of property, plant, and equipment	8	27,532,737	28,518,970
Amortization of intangible assets	9	763,380	1,388,530
Interest on lease liabilities	24	3,010,297	1,301,176
Interest on employees' benefit obligations	24	2,456,315	1,366,587
Interest charged on short term loans	24	1,532,020	259,833
Allowance for expected credit losses	11	1,340,278	2,658,491
Provision for spare parts and slow-moving items	15	778,476	500,000
Gain on disposal of property, plant, and equipment	23	(8,255,740)	(2,161,016)
Provision for employees' benefit obligations	17	4,656,747	4,462,705
		343,501,647	356,559,351
Change in Working capital:			
Trade receivables		(5,964,491)	(29,207,177)
Prepayments and other assets		(29,775,022)	20,106,810
Inventories		91,719,739	(175,657,136)
Trade payables, accruals, and other liabilities		51,187,155	86,129,340
VAT payable, net		(694,078)	(1,432,729)
Due to related parties		466,200	(185,143)
Due from related parties		(3,568,440)	3,103,124
		446,872,710	259,416,440
Finance costs paid		(3,169,490)	(1,243,826)
Employees' benefit obligations paid	17	(2,229,294)	(2,152,665)
Zakat paid	20	(18,716,219)	(14,992,822)
Net cash generated from operating activities		422,757,707	241,027,127
INVESTING ACTIVITIES			
Payments for purchase of property, plant, and equipment	8	(24,036,909)	(14,298,657)
Proceeds from disposal of property, plant, and equipment	8	3,377,181	2,369,912
Payments for purchase of intangible assets	9	(757,194)	-
Net cash used in investing activities		(21,416,922)	(11,928,745)

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman



STATEMENT OF CASH FLOWS Continued

FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023 SAR	2022 SAR
FINANCING ACTIVITIES			
Payment of lease liabilities	7	(8,442,263)	(8,594,411)
Proceeds from short-term loans	19	30,000,000	330,000,000
Repayment of short-term loans	19	(30,000,000)	(330,000,000)
Dividends paid	27	(255,000,000)	(195,000,000)
Net cash used in financing activities		(263,442,263)	(203,594,411)
Net change in cash and cash equivalent		137,898,522	25,503,971
Cash and cash equivalent at the beginning of the year	10	111,029,404	85,525,433
Cash and cash equivalent at the end of the year	10	248,927,926	111,029,404
Non-Cash transactions:			
Compensation for expropriation of land and a building	8	8,271,036	-
Right of use assets	7	8,272,029	7,227,340
Lease liability	7	8,272,029	7,227,340

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2023
(ALL AMOUNTS IN
SAUDI RIYALS UNLESS
OTHERWISE STATED)





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 initial public offering "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 were 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 AlKafaa Real Estate Company.

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 the process of assessing the impact of the new Companies Law and will amend its Articles of Association for any changes.

The Company is engaged in the wholesale and retail trading of fruits, vegetables, cold and frozen poultry and meat, and caned, food products, 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") that are endorsed in the Kingdom of Saudi Arabia "KSA" and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (herein and after 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 judgment in the process of applying the Company's accounting policies. Refer to (Note 4).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost basis except for the employees' benefit obligations, 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 the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES

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

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

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 end customers.

The company also engaged in providing storage services through its clients.

The Company recognizes revenue according to IFRS 15, using the following five-step 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 discounts and volume rebates and 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.

The company also engaged in providing storage services through its clients.

(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 sale of goods provides customers with a right to return the goods within a specified period and fixed and usable discounts, and rebates. The rights of return discounts, and rebates give rise to variable consideration which is netted of against revenue.



Sale of goods (continued)

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 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 land and capital work-in-progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.



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 is stated at cost, and capital work-in-progress is 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	5 to 10 years
Furniture and fixtures	4 to 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.

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:

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

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.

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

i) Financial Instruments

The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

The financial asset and liability are recognized when the Company becomes a party to the contractual obligations of the instrument, and this generally occurs on the trade date. The Company derecognizes the financial assets when the contractual cash flows of those assets expire or when the Company transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest arising from the transferred financial assets that the Company creates or retains is recognized as a separate asset or liability.

Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the statement of profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in the statement of other comprehensive income is not recognized in the profit or loss on de-recognition.



The financial liability is derecognized from the statement of financial position when the Company pays the obligation arising, the contract is canceled or expired.

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.

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.

Classification of financial instruments

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

1. Assets to be measured at amortized cost; or
2. Fair value through profit or loss (FVTPL).
3. Fair value through other comprehensive income (FVOCI).

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

Financial assets are not reclassified subsequently to initial recognition unless the Company changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

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

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

On initial measurement of investments in financial instruments that the Company does not hold for the trading purposes, the Company may elect to present any subsequent changes in the fair value of those investments in the statement of other comprehensive income. This election is made on an investment-by-investment basis.

Any other financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends, are recognized in statement of profit or loss.



Accounts Receivable

Account receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and arise primarily by providing goods and services to customers (such as trade receivables). It also includes other types of contractual financial assets that are initially recognized at fair value plus direct costs associated with obtaining it, and they are subsequently recognized at amortized cost using the effective interest method less provision for impairment.

The trade receivables, recorded in a separate account after deducting the provision, are recognized in the statement of profit or loss and when their collectability is confirmed, their gross carrying amount is written off against their associated provision.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial liabilities

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

Trade payables and accruals

Trade payables and other payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of the financial

liability) from its statement of financial position when, and only when its contractual obligations are discharged or cancelled, or expired.

4.10 Cash and Cash Equivalents

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

4.11 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 when it has control over the goods. Goods-in-transit are recorded at landed cost included freight and insurance, if any.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.



4.18 Dividends distribution

The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution and interim dividends are distributed in accordance with the authorization from the Shareholders' General Assembly to the Board of Directors. According to the Companies Law, dividends are approved upon approval by the shareholders. The corresponding amount is directly recognized in statement of change in equity.

4.19 Employees' defined benefit obligations

Defined employees' benefits plans

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Company is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service includes fractions of the year. End-of-service benefit plan is unfunded.

Valuation technique and key assumptions for the actuarial study

Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the statement of comprehensive income for the period in which the revaluation occurred. The recognized remeasurement in OCI is immediately included under the retained earnings and is not included under profit or loss. Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period, on the employees' defined benefits obligations.

The current service cost of the defined benefit plan is recognized in the statement of profit or loss under employee's benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the statement of profit or loss.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in the statement of other comprehensive income in the period in which they arise. Defined benefit costs are classified as follows:

- Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements).
- Interest cost, and
- Re-measurement.

Short-term employees' benefits

The liability is recognized and measured for benefits related to wages, salaries, annual leave and sick leave xxin the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid in exchange for those services.

4.20 Statutory reserve

As required by Saudi Arabian Regulations for Companies, the Company sets 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.

4.21 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.

4.22 General and administrative and selling, disruption expenses

General and administrative and selling, disruption expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between general and administrative and selling, disruption expenses and cost of revenues, when required, are made on a consistent basis.



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.

a) 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.

- 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 lease contracts that include 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.

b) Assumptions and estimation uncertainties.

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.



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.

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

There are no new standards issued. However, there are a number of amendments to standards that are effective from January 1, 2023. These do not have a significant impact on the financial statements.

Effective for annual periods beginning on or after	New standards and amendments
January 1, 2023	IFRS 17 Insurance Contracts.
	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
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.
	International Tax Reform—Pillar Two Model Rules – amendments to IAS 12.

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
January 1, 2024	Non-Current Liabilities with Covenant - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments IAS1.
	Lease Liability in a Sale and Leaseback-Amendments to IFRS 16.
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.
January 1, 2025	Lack of Exchangeability – Amendments to IAS 21.
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).



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	Land*	Motor vehicles	Total
As at 1 January 2022:	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)
At 31 December 2022	7,801,872	26,540,235	12,287,883	46,629,990
Adjustments **	(293,875)	(3,192,328)	(59,191)	(3,545,394)
Additions	3,877,965	-	4,394,064	8,272,029
Depreciation expense	(2,021,360)	(1,376,785)	(5,664,650)	(9,062,795)
Balance at 31 Dec 2023	9,364,602	21,971,122	10,958,106	42,293,830

* 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:

	2023	2022
As at 1 January	48,954,192	50,102,840
Adjustments **	(3,179,891)	-
Additions	8,272,029	7,227,340
Interest (note 24)	1,639,422	1,301,176
Payments	(10,079,733)	(9,677,164)
As at 31 December	45,606,019	48,954,192
CURRENT	8,591,383	8,205,016
Non-Current	37,014,636	40,749,176
	45,606,019	48,954,192

** The effect of adjustments was allocated in the statement of profit or loss and other comprehensive income between the depreciation charge of the right-of-use assets and the interest on lease liabilities with the amount of SAR 1.01 million and SAR 1.37 million, respectively.



The classification of lease repayment is divided into capital repayment of lease liability of SAR 8,442,263 (2022: SAR 8,594,411) as a cash flow from financing activities and finance cost paid of SAR 1,637,470 (2022: SAR 1,301,176) as a cash flow from operating activities.

The following are the amounts recognized in profit or loss:

	2023	2022
Depreciation of right-of-use assets allocated to selling and distribution expenses	7,278,966	8,225,321
Depreciation of right-of-use assets allocated to general & administrative expenses	745,497	772,470
Depreciation of right-of-use assets allocated to cost of revenue	32,960	33,163
Interest expense on lease liabilities (note 24)	3,010,297	1,301,176
Expense relating to short-term leases (note 21)	3,229,706	1,423,032
The total amount recognized in profit or loss	14,297,426	11,755,162
Total cash out flow	13,309,439	11,100,196
Repayment of lease liability	10,079,733	9,677,164
Repayment for short term lease	3,229,706	1,423,032

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.

8. PROPERTY, PLANT, AND EQUIPMENT

	Freehold lands	Buildings	Plant and equipment	Furniture and fixture	Computer	Motor vehicles	Capital work in progress	Total
Cost:								
At January 1, 2022	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 December 31, 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
Additions	-	1,692,409	9,824,160	2,154,341	887,386	8,892,808	585,805	24,036,909
Transfers	-	239,566	966,008	67,670	113,750	-	(1,386,994)	-
Write-off	-	-	(2,153,727)	(4,193,645)	(424,769)	(1,212,300)	-	(7,984,441)
Disposals*	(1,075,450)	(4,533,461)	(50,200)	(76,587)	(13,694)	(9,536,778)	-	(15,286,170)
At December 31, 2023	71,386,818	184,060,240	145,676,807	22,463,482	15,341,208	101,944,485	585,805	541,458,845
Depreciation:								
At January 1, 2022	-	51,726,660	95,551,020	14,124,801	11,438,403	77,043,797	-	249,884,681
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 December 31, 2022	-	57,326,161	104,691,005	15,772,231	12,133,112	78,462,673	-	268,385,182
Charge for the year	-	5,516,904	9,359,266	1,805,181	935,587	9,915,799	-	27,532,737
Write-off	-	-	(2,151,756)	(4,149,293)	(424,452)	(1,212,200)	-	(7,937,701)
Disposals *	-	(2,877,194)	(14,532)	(71,641)	(12,036)	(8,965,030)	-	(11,940,433)
At 31 December 2022	-	59,965,871	111,883,983	13,356,478	12,632,211	78,201,242	-	276,039,785
Net book value:								
At December 31, 2023	71,386,818	124,094,369	33,792,824	9,107,004	2,708,997	23,743,243	585,805	265,419,060
At December 31, 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

*This item includes the disposal of land and buildings in the city of Jeddah as a result of expropriation, with a net book value of SAR 2.7 million as at December 31, 2023.

- Buildings with net book value amounting to SAR 23.8 million (December 31, 2022: SAR 24.6 million) are constructed on land leased from a related party under long-term lease for a period of 20 years from January 1, 2020.
- Building with a net book value amounting to SAR 14.03 million (December 31, 2022: SAR 12.9 million) is constructed on land leased from Saudi Industrial Property Authority (Modon) for a period of 20 years from March 26, 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:**

	2023	2022
Cost of revenue	3,611,790	3,911,406
Selling and distribution expenses (note 21)	23,539,496	24,173,845
General and administrative expenses (note 22)	381,451	433,719
	27,532,737	28,518,970

9. INTANGIBLE ASSETS

	Computer software
Cost:	
At January 1, 2022	24,312,983
Additions	-
At December 31, 2022	24,312,983
Additions	757,194
At December 31, 2023	25,070,177
Accumulated amortization:	
At January 1, 2022	21,402,868
Charge for the year	1,388,530
At December 31, 2022	22,791,398
Charge for the year	763,380
At 31 December 2023	23,554,778
Net book value:	
At December 31, 2023	1,515,399
At December 31, 2022	1,521,585

Amortization charge for the year is allocated as follows:

	2023	2022
General and administrative expenses (note 22)	639,756	1,156,672
Selling and distribution expenses (note 21)	123,624	231,858
	763,380	1,388,530



10. CASH AND CASH EQUIVALENT

	2023	2022
Cash at banks	137,092,371	65,798,554
Short term deposits *	110,000,000	40,000,000
Cash on hand	1,835,555	5,230,850
	248,927,926	111,029,404

At December 31, 2023, the Company had available SAR 500,000,000 (31 December 2022: SAR 290,000,000) of borrowing facilities.

* Cash and cash equivalent include Murabaha Islamic short-term deposits with a maturity period within three months.

11. TRADE RECEIVABLES

	2023	2022
Trade receivables	254,826,242	260,164,096
Less: Allowance for expected credit losses	(3,819,363)	(13,781,430)
	251,006,879	246,382,666

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 allowance for expected credit losses is as follows:

	2023	2022
Opening balance	13,781,430	11,131,637
Provided during the year	1,340,278	2,658,491
Write-off *	(11,302,345)	(8,698)
	3,819,363	13,781,430

* The Board of Directors in their meeting dated August 15, 2023, approved to write-off certain balances which were 100% provided for in prior years.

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

	2023	2022
Advance to a related party *	147,582,501	115,599,815
Prepayments	13,789,491	12,486,367
Accrued compensation (Note 23)	8,271,036	-
Advances to suppliers and contractors	3,601,741	6,882,726
Right of return assets	1,049,728	1,155,481
EMPLOYEE RECEIVABLES	998,570	873,359
Others	608,278	857,539
	175,901,345	137,855,287

*This amount represents advance payments to France Poultry (a subsidiary to the parent Company) for future deliveries of retail products. Refer (note 13).



13. RELATED PARTIES TRANSACTIONS AND BALANCES

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 financial statements are as follows:

2023	Relationship	Sales	Purchases	Expenses	PPE purchase/ Selling
France Poultry	Affiliate	-	545,935,099	-	-
Shawaya House Company	Affiliate	30,879,098	-	205,732	-
Gulf Catering Company	Affiliate	7,609,468	-	607,613	-
Nutrition and Diet Center Company	Affiliate	5,351,440	5,639,948	971,539	-
Az-Zad Saudi Company	Affiliate	475,754	-	137,081	-
Thati Limited Company	Affiliate	9,270	-	33,074	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	158,901	3,476,500
Al-Kafa'a Real State Company	Affiliate	-	-	890,032	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	2,474,579	-
Four Steps International	Owned by a member of the BOD	-	-	105,000	-
Others	Shareholder in the parent company	-	-	23,300	-

2022	Relationship	Sales	Purchases	Expenses	PPE purchase/ Selling
France Poultry	Affiliate	-	571,576,751	-	-
Shawaya House Company	Affiliate	26,181,815	-	121,592	-
Gulf Catering Company	Affiliate	12,847,705	-	663,317	-
Nutrition and Diet Center Company	Affiliate	5,882,477	3,866,113	1,323,651	-
Az-Zad Saudi Company	Affiliate	533,522	-	15,718	-
Thati Limited Company	Affiliate	265,563	-	39,714	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	243,956	2,336,700
Al-Kafa'a Real State Company	Affiliate	-	-	728,509	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	1,167,951	-
Four Steps International	Owned by a member of the BOD	-	-	98,500	-
Others	Shareholder in the parent company	-	-	46,600	-



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

Related parties balances included in the statement of financial position are as follows:

a) Due from related parties

	Relationship	2023	2022
Shawaya House Company	Affiliate	6,752,516	2,314,984
Gulf Catering Company	Affiliate	2,223,642	4,309,310
Nutrition and Diet Center Company	Affiliate	1,529,993	229,986
Az-Zad Saudi Company	Affiliate	30,302	32,591
Bureida Trading and Refrigeration Company	Affiliate	-	70,577
Thati Limited Company	Affiliate	-	10,565
		10,536,453	6,968,013

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) Due to related parties

	Relationship	2023	2022
Burieda Trading and Refrigeration Company	Affiliate	429,064	-
Abdullah Al Ali Al Munajem Sons Company	The parent company	46,330	11,567
Thati Limited Company	Affiliate	2,373	-
		477,767	11,567

Outstanding balances at the year-end are unsecured and interest free and settlement within 30-45 days. 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 21,552,540 (2022, SAR 26,054,517) and lease liability amounting to SAR 24,369,974 (2022, SAR 28,187,817) pertain to this lease (note 7).

c) Key management compensation

Key management personnel of the Company comprise 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:

	2023	2022
Short-term employee benefits *	9,005,081	7,180,493
Post-employment benefits	779,774	384,353
	9,784,855	7,564,846

* Key management remuneration includes SAR 1.94 million (2022 SAR 1.95 million) pertaining to the Board of Directors' remuneration.

14. REVENUE

	2023	2022
Revenue recognized at a point in time		
Non-retail - goods transferred	1,978,421,555	1,748,943,600
Retail - goods transferred	1,322,565,585	1,217,538,063
Revenue recognized over-time		
Storage rent revenue	13,416,189	12,040,961
	3,314,403,329	2,978,522,624

Revenue is generated inside the Kingdom of Saudi Arabia.

15. INVENTORIES

	2023	2022
Goods for resale	318,050,021	416,542,016
Goods in transit	228,253,273	217,495,175
Raw materials and consumables	20,325,142	24,503,210
Spare parts and consumables	4,306,500	4,114,274
Less: Provision for Spare parts and slow-moving items	(1,778,476)	(1,000,000)
	569,156,460	661,654,675

The movement of provision for spare parts and slow-moving items is as follows:

	2023	2022
Opening balance	1,000,000	500,000
Provided during the year*	778,476	500,000
Closing balance	1,778,476	1,000,000

During 2023, SAR 2,739,040,238 (2022: SAR 2,398,937,463) 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 14,580,307 (2022: SAR 8,021,182)

*This pertains to specifically identified spares that are no longer useable and slow-moving items.

16. SHARE CAPITAL AND STATUTORY RESERVE

a) Share Capital

Authorized, issued and paid-up capital is divided into 60,000,000 shares of SAR 10 each (December 31, 2022: 60,000,000 shares of SAR 10 each).

b) Statutory Reserve

In accordance with 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' BENEFITS OBLIGATIONS

	2023	2022
Opening balance	48,263,214	45,159,785
Current service cost	4,656,747	4,462,705
Interest cost (note 24)	2,456,315	1,366,587
Benefits paid	(2,229,294)	(2,152,665)
Actuarial loss/(gain)	195,714	(573,198)
Closing Balance	53,342,696	48,263,214

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:

	2023	2022
Discount rate	4.80%	5.10%
Average duration of the liability (in years)	8	8
Rate of salary increases	4.00%	4.00%

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

	2023	2022
Opening balance	4,972,434	5,545,632
Actuarial loss/(gain) on the obligation	195,714	(573,198)
Closing balance	5,168,148	4,972,434

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.

	2023	2022
Increase in the discount rate of 1%	(3,715,995)	(4,013,974)
Decrease in the discount rate of 1%	4,249,128	3,519,089
Decrease in rate of a salary increase of 1%	4,498,361	4,268,332
Increase in rate of a salary increase of 1%	(3,997,212)	(3,801,076)



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

	2023	2022
Within the next 12 months (next annual reporting period)	7,868,996	4,249,879
Between 2 and 5 years	17,232,680	16,691,885
Beyond 5 years	55,588,868	55,316,856
	80,690,544	76,258,620

18. TRADE PAYABLES, ACCRUALS, AND OTHER LIABILITIES

	2023	2022
Trade payables *	452,495,446	403,763,951
Accrued expenses	37,715,183	35,038,720
Refund liabilities	1,324,731	1,325,171
Advances from customers	1,199,945	1,530,766
Other payables	1,939,561	1,829,103
	494,674,866	443,487,711

(*) Trade Payables include supply chain agreements compatible with Islamic Sharia granted from Saudi local bank during the year ended December 31, 2023, with an amount of SAR 128.4 million (December 31, 2022: SAR 113.4 million).

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 at December 31, 2023, the Company has total loan facilities amounting to SAR 500,000,000 (2022: SAR 290,000,000). None of these facilities were availed as at December 31, 2023.

The movement in short-term loans is as follows:

	2023	2022
Opening balance	-	-
Proceeds from short-term loans	30,000,000	330,000,000
Payments of short-term loans	(30,000,000)	(330,000,000)
Closing balance	-	-



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 December 31, 2016. On 23 Muharram 1439 H (corresponding to October 13, 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 for the years ended December 31, 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 December 31, 2022. 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:

	2023	2022
Current year provision	19,541,041	18,840,788
Adjustment for last year	(124,569)	190,512
Total provided during the year	19,416,472	19,031,300

The zakat charge for the year comprises of the following:

	2023	2022
Equity	650,482,843	639,577,074
Opening allowances and other adjustments	114,496,837	107,070,786
Book value of long-term assets	(313,578,921)	(324,573,215)
	451,400,759	422,074,645
Profit subject to Zakat for the year	311,231,553	317,916,140
Zakat base	762,632,312	739,990,785
Zakat charge for the year 2.5%	19,541,041	18,840,788

Movement in the Zakat provision:

	2023	2022
Opening balance	18,840,788	14,802,310
Current year provision	19,416,472	19,031,300
Payment during the year	(18,716,219)	(14,992,822)
Closing balance	19,541,041	18,840,788

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 was completed on 5th October 2022 and the Company paid Zakat differences for 2021 by SAR 36,894.
- The Company filed the Zakat declaration for the year 2022, the Zakat payable has been paid based on this declaration. A Zakat certificate was issued for the year 2022. Zakat assessment for 2022 has been completed at 13th December 2023 without any adjustments vs. Zakat declaration.
- The company was inspected for the value-added tax (VAT) for 2022, completed on 6 November 2023 with adjustments vs. VAT returns and the Company paid differences for 2022 by SAR 37,994.

21. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
Employee related costs	119,378,382	115,620,975
Marketing expenses	38,817,631	38,513,614
Depreciation of property, plant, and equipment (note 8)	23,539,496	24,173,845
Sales commission	15,072,562	13,851,568
Utilities	14,627,443	14,033,929
Transportation and uploading expenses	7,165,185	8,436,226
Car running expenses	11,679,098	10,579,107
Depreciation of right-use-assets (note 7)	7,278,966	8,225,321
Port detention/electric charges	4,684,074	2,810,359
Insurance	4,312,047	3,728,269
Rental expenses (short term lease) (note 7)	3,229,706	1,423,032
Cold stores maintenance	2,511,800	2,744,654
Business travel expenses	1,992,035	1,621,606
Stationaries and printings	715,396	799,903
Allowance for spare parts inventory	273,911	500,000
Amortization of intangible assets (note 9)	123,624	231,858
Other expenses	5,226,911	5,842,778
	260,628,267	253,137,044



22. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employee related costs	17,197,691	16,836,714
Professional fees	1,917,651	1,033,443
BOD remunerations	1,944,000	1,599,000
BANK CHARGES	803,114	828,407
Depreciation of right-of-use assets (note 7)	745,497	772,470
Amortization of intangible assets (note 9)	639,756	1,156,672
Utilities	629,171	697,784
Repair and maintenance	530,790	394,235
Depreciation of property, plant, and equipment (note 8)	381,451	433,719
Transportation and travelling	130,455	54,124
Other expenses	1,782,207	1,614,591
	26,701,783	25,421,159

23. OTHER INCOME

	2023	2022
Gain on disposal of property, plant, and equipment *	8,255,740	2,161,016
Foreign currencies (loss)/gain	(1,343,286)	3,248,479
Other income	1,090,701	3,700,419
	8,003,155	9,109,914

*During the year ending December 31, 2023, the Company booked a net gain of SAR 5.5 million resulting from insured government compensation for a building owned by the Company located in the city of Jeddah. The property was having a net book value of SAR 2.7 million and its estimated fair value amounted to SAR 8.2 million. The procedures for collecting the amount are still in progress. Refer to (note 8).

24. FINANCE COSTS, NET

	2023	2022
Finance Cost		
Interest on employees' benefit obligations (note 17)	2,456,315	1,366,587
Interest on lease liabilities (note 7)	3,010,297	1,301,176
Interest on short-term loans	1,532,020	259,833
	6,998,632	2,927,596
Finance Income		
Finance income - Short-term deposits	(6,988,591)	(1,007,500)
	10,041	1,920,096



25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets

	2023	2022
Financial assets at amortised cost:		
Trade receivables	251,006,879	246,382,666
Due from related parties	10,536,453	6,968,013
Prepayments and other assets	8,271,036	-
	269,814,368	253,350,679
Cash and cash equivalent	248,927,926	111,029,404
Total financial assets	518,742,294	364,380,083

b. Financial liabilities

	2023	2022
Financial liabilities at amortised cost:		
Trade payables, accruals, and other liabilities	492,150,190	440,631,774
Lease liabilities	45,606,019	48,954,192
Due to related parties	477,767	11,567
	538,233,976	489,597,533

The Company's financial liabilities include trade payables, certain other payables, lease liabilities, and due to related parties. At December 31, 2023, 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 cash and cash equivalent, trade receivables, other current financial assets due from related parties and prepayments and other assets. 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, lease liabilities and due to related parties and other prepayments and other assets. 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 regularly reviews and agrees policies and procedures to ensure that all financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives, which are summarized 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 market 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 December 31, 2023, 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. Other than Saudi Riyals, the Company undertakes transactions denominated in foreign currencies principally in United States Dollars, United Arab Emirates Dirhams and Euros; consequently, exposures to exchange rate fluctuations arise. The management believes that there is no currency risk arising from the transactions in currencies to which Saudi Riyal is pegged. 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 2023 is SAR 58,940,057 (2022: SAR 43,560,119), 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	5% decrease in exchange rate
2023	(2,947,003)	2,947,003
2022	(2,178,006)	2,178,006

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:

December 31, 2023	Trade receivable – days past due					Total
	Not past due	<90	90-180	181-365	>365	
Expected credit loss rate %	0.18%	0.53%	19.97%	45.28%	81.60%	
Total gross carrying amount at default	183,558,415	64,946,851	2,962,037	1,384,771	1,974,168	254,826,242
Expected credit losses	(323,402)	(383,747)	(594,153)	(627,086)	(1,890,975)	(3,819,363)
	183,235,013	64,563,104	2,367,884	757,685	83,193	251,006,879

December 31, 2022	Trade receivable – days past due					Total
	Not past due	<90	90-180	181-365	>365	
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

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.

December 31, 2023	Within 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Trade payables, accruals, and other liabilities	492,150,190	-	-	-	492,150,190
Lease liabilities	5,257,434	4,684,677	21,278,647	23,275,252	54,496,010
Due to related parties	477,767	-	-	-	477,767
	497,885,391	4,684,677	21,278,647	23,275,252	547,123,967

December 31, 2022	Within 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Trade payables, accruals, and other liabilities	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

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.

	2023	2022
Net profit for the year	282,213,242	290,201,821
Weighted average number of ordinary shares	60,000,000	60,000,000
Basic and diluted earnings per share	4.70	4.84

27. DIVIDENDS

The Board of Directors meeting held on November 14, 2023 (corresponding to 30 Rabi' al-Awwal 1445H), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, have approved to distribute cash dividends of SAR 120 million to the company's shareholders for the second half of 2023 amounting to SAR 2 per share, or 20% of the capital

The Board of Directors meeting held on July 17, 2023 (corresponding to 29 Dhu'l Hijjah 1444H), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, have approved to distribute cash dividends of SAR 75 million to the company's shareholders for the first half of 2023 amounting to SAR 1.25 per share, or 12.5% of the capital

The ordinary General Assembly meeting held on May 8, 2023G (corresponding to 18 Shawwal 1444 H) based on the recommendation of the Company's Board of Directors meeting held on March 23, 2023G, (Corresponding to 1 Ramadan 1444 H) approved to distribute dividends for the second half of the year 2022 amounting to SAR 60 million to the Company's shareholders at 1 riyal per share, or 10% of the 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 1443H) 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.

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



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 shareholders' value, maintain market confidence and to sustain future development of its business by maintaining efficient capital base.

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 liabilities, employees' benefit obligations, zakat payable, less cash and bank balances.

	2023	2022
Lease liabilities	45,606,019	48,954,192
Employees' benefits obligations	53,342,696	48,263,214
Zakat payable	19,541,041	18,840,788
Less: cash and cash equivalents	(248,927,926)	(111,029,404)
Net debt	(130,438,170)	5,028,790
Equity	927,529,251	900,511,723
Capital and net debt	797,091,081	905,540,513
Gearing ratio	(16.4) %	.06 %

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:

2023	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue	1,388,904,227	672,203,320	1,253,295,782	3,314,403,329
Cost of revenue	1,152,289,048	555,028,234	1,024,779,119	2,732,096,401
Depreciation and amortization	9,909,816	5,408,553	12,977,748	28,296,117
Depreciation of right of use assets	3,696,975	1,442,077	2,918,371	8,057,423
Segment profit before Zakat	116,516,443	64,466,819	120,646,452	301,629,714
Total assets	837,661,843	254,442,618	472,652,891	1,564,757,352
Total liabilities	596,489,145	12,489,656	28,249,300	637,228,101



2022	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue	1,300,421,360	614,413,378	1,063,687,886	2,978,522,624
Cost of revenue	1,048,880,236	491,508,307	854,874,084	2,395,262,627
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

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 2023 and 2022.

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

2023	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue				
Retail	594,837,150	258,289,035	469,439,400	1,322,565,585
Non-retail	790,351,085	410,286,432	777,784,038	1,978,421,555
Storage rent revenue	3,715,992	3,627,853	6,072,344	13,416,189
Net revenues	1,388,904,227	672,203,320	1,253,295,782	3,314,403,329
Cost of revenues				
Retail	(486,486,683)	(210,984,596)	(381,110,203)	(1,078,581,482)
Non-retail	(662,370,447)	(343,223,959)	(641,207,838)	(1,646,802,244)
Storage rent revenue	(3,431,918)	(819,679)	(2,461,078)	(6,712,675)
Total Cost of revenues	(1,152,289,048)	(555,028,234)	(1,024,779,119)	(2,732,096,401)
Total Gross profit	236,615,179	117,175,086	228,516,663	582,306,928



2022	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue				
Retail	563,366,217	238,631,052	415,540,794	1,217,538,063
Non-retail	733,321,249	373,184,620	642,437,731	1,748,943,600
Storage rent revenue	3,733,894	2,597,706	5,709,361	12,040,961
Net revenues	1,300,421,360	614,413,378	1,063,687,886	2,978,522,624
Cost of revenues				
Retail	(446,456,866)	(188,236,775)	(330,808,315)	(965,501,956)
Non-retail	(599,432,998)	(302,986,539)	(522,536,640)	(1,424,956,177)
Storage rent revenue	(2,990,372)	(284,993)	(1,529,129)	(4,804,494)
Total Cost of revenues	(1,048,880,236)	(491,508,307)	(854,874,084)	(2,395,262,627)
Total Gross profit	251,541,124	122,905,071	208,813,802	583,259,997

30. CONTINGENCIES AND COMMITMENTS

No outstanding letters of guarantee as of 31 December 2023, (31 December 2022: Nil), in respect of contract performance, and letters of credit amounting to SAR 3,522,799 (31 December 2022: SAR 12,594,954). There are capital commitments amounting to SAR 1,318,818 as of 31 December 2023 (31 December 2022: SAR 5,854,557) related to property, plant, and equipment.

31. 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 December 31, 2022, have been reclassified as follows:

Increasing of the cost of sales in the Statement of profit or loss and other comprehensive income with an amount of SAR 4,804,495 and decreasing Selling and distribution expenses by the same amount for the year ended December 31, 2023.

32. SUBSEQUENT EVENTS DISCLOSURES

The Company announces the signing of a binding share purchase agreement on 25/8/1445H (corresponding to 6/3/2024G), to acquire shares in Balady Poultry Trading Company ("Balady Company"), in accordance with which

the Company purchased 1,116,900 shares (representing 17% of Balady Company's shares) from existing shareholders in Balady Company through private transactions, at a purchase price of SAR 120 per share, with a total value of SAR 134,028,000 for the total Sale Shares. The Transaction has been self-financed by the Company.

No other matter has occurred up to and including the date of the approval of these financial statements by the management that could materially affect these financial statements and the related disclosures for the year ended December 31, 2023.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended December 31, 2023, were approved for issuance by the Board of Directors on 18 March 2024G according to 8 Ramadan 1445H.

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ALMUNAJEM
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✉ IR@almunajemfoods.com

☎ 9200-29855

🌐 <https://almunajemfoods.com/>