

UNLOCKING SUSTAINABLE VALUE

Annual Report
2022



Our strategic strengths and business versatility have enabled us to once again not only endure but also succeed in another year of uncertainty and instability.



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SAVOLA GROUP IS A LEADING SAUDI STRATEGIC INVESTMENT HOLDING COMPANY WITH DIVERSE INVESTMENT PORTFOLIOS OF THE LARGEST ASSETS AND BRANDS IN THE FOOD AND RETAIL SECTORS.

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AT A GLANCE

A LEADER IN FOOD AND RETAIL

Savola is one of the leading strategic investment holding companies in the MENA (Middle East and North Africa) region, with a portfolio of leading brands in the food and retail sectors.

Since 1979, Savola has built a reputation for creating "Value Built on Values" through its diverse and expanding portfolio of investments in leading food and retail companies.

Investors across the Kingdom and around the world trust Savola for its strong performance, specialist market knowledge and commitment to sustainability impact through its standalone Savola World Foundation.

We operate a leading grocery store chain in Saudi Arabia, and produce much-loved everyday household products, including edible oil, sugar, pasta, bakery products and frozen foods, for our valued customers in over 50 countries worldwide.



MAJOR/MANUFACTURING MARKETS

EXPORT MARKETS

- | | | | | | | |
|--------------|----------|------------|------------|-------------|--------------|----------------|
| Saudi Arabia | Angola | Eritrea | Kenya | Mauritius | Senegal | Syria |
| Egypt | Bahrain | Ethiopia | Kuwait | Morocco | Somalia | Tanzania |
| Algeria | Burundi | France | Lebanon | Mozambique | South Africa | Uganda |
| Sudan | Cameroon | Germany | Libya | Netherlands | South Korea | United Kingdom |
| UAE | Canada | Ghana | Madagascar | Oman | South Sudan | USA |
| Others | Comoros | Japan | Malawi | Pakistan | Spain | Uzbekistan |
| | DRC | Jordan | Mali | Palestine | Sudan | Yemen |
| | Djibouti | Kazakhstan | Mauritania | Rwanda | Sweden | Others |

- 1 Saudi Arabia
Panda Stores: 182 Herfy Stores: 387
- 2 Egypt Panda Stores: 5
- 3 Kuwait Herfy Stores: 8
- 4 Bangladesh Herfy Stores: 6

OUR FOOD INVESTMENTS



Our food vertical is made up of a portfolio of investments in large, branded categories across the MENA region. Savola Foods is a leader in basic branded consumer packaged goods, which are produced in more than 6 countries and exported to over 50 markets. We are proud to say that many of our products are market leaders in their respective categories. Through our commitment to strategic growth, we continue to innovate in our markets, build on our range of established products and diversify into higher-value items.

Our long-term investments in the food sector also generate profits for our shareholders. Savola Group holds the largest stake (34.52%) in Almarai Company, the leading regional food manufacturer and distributor, as well as a majority stake (51%) in Al Kabeer Group of Companies, a leading regional frozen foods manufacturing and distribution company.

OUR RETAIL INVESTMENTS



Our retail vertical is headed by Panda Retail, a modern grocery chain in Saudi Arabia with a total of 187 stores (including 5 stores in Egypt), serving more than 90 million customers annually. Panda boasts a proud history, a leading market share and formidable geographic reach.

Our long-term investment in the retail sector consists of a 49% shareholding in Herfy Food Services Company. As such, we remain the largest shareholder in Herfy, one of the leading restaurant, industrial bakery and meat processing businesses in Saudi Arabia.

FOOD INVESTMENTS

60%

RETAIL INVESTMENTS

40%

REVENUE CONTRIBUTION



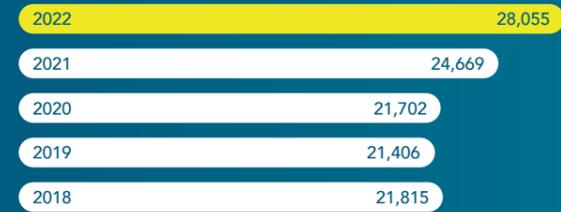
SAVOLA OWNERSHIP

FINANCIAL HIGHLIGHTS

Revenue
SAR million

28,055

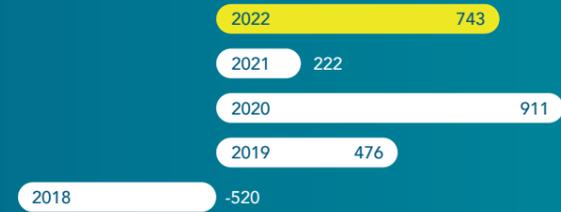
↗ 13.7%



Net Profit
SAR million

743

↗ 234.68%



Gross Profit
SAR million

4,874

↗ 8.83%



Total Assets
SAR million

29,565

↗ 3.57%



Shareholders' Equity
SAR million

8,255

↗ 2.18%



Capital Expenditure
SAR million

864

↗ 78.91%



GROWTH AND DIVERSIFICATION

Following years of dedication, Savola has grown to become the leading strategic investment group in our region, generating profits for our shareholders and investors.

1979 – 2005

1979
Savola is established, with a paid-up capital of SAR 40 million and 50 employees.

1981
Savola's edible oil refinery in Jeddah, the first in Saudi Arabia, begins operations.



1982
Launch of Afia premium corn oil. By the late 1980s, Savola captures 70% of the Saudi edible oil market.

1991 40% IN ALMARAI

Acquisition of a 40% shareholding in Almarai.

1992
Savola becomes a publicly listed company on the Saudi Stock Exchange (Tadawul).

Savola Bahrain and Savola Egypt commence edible oil operations.

1993
Joint venture with Tate & Lyle to establish United Sugar Company, Saudi Arabia's first sugar refinery.

1995 AFIA

Afia International Egypt is formed through the merger of Savola Egypt and SIME Derby Egypt.

Savola Foods establishes an edible oil factory in Egypt.

1998
Savola enters the retail sector, following its merger with Azizia Panda.

Savola gains a 70% stake in Herfy through the Panda merger.

2003
Savola Foods establishes edible oil businesses in Morocco and Sudan.



2004 HYPER PANDA

Panda launches the Hyper Panda format.

2005
Savola establishes Kinan Real Estate, subsequently divesting 70% through private placement.

2006 – 2016

2006
Savola invests in King Abdullah Economic City (KAEC) and Knowledge Economic City as a founding shareholder.

2008
Panda acquires Giant Stores and opens its first central distribution center in Riyadh.

2009
Panda acquires Géant Stores operations and expands its network to 152 locations.

2010 MAKEEN

Savola launches its first CSR program, 'Makeen', to train and empower people with disabilities.

Herfy is listed on the Saudi Stock Exchange (Tadawul) with Savola retaining 49% of its shares.

2011
Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola second among top-listed companies in the Arab world for governance and transparency.

EL MALEKA

Savola Foods enters the pasta market by acquiring El Maleka Company and El Farasha Company in Egypt.



2013
Savola's first Sukuk issuance (SAR 1.5 billion).

SAR 5.34 BILLION

Savola acquires Al Muhaidib's shares in Panda (18.6%) and Savola Foods (10%) in exchange for the issue of 33.9 million new Savola shares through a capital increase to SAR 5.34 billion.

2015
Savola Foods enters the seafood business with global seafood leader, Thai Union, to launch the famous John West brand in 12 markets across the MENA region.



Savola Foods launches Afia Distribution Company in Saudi Arabia.

2016
Savola unveils a new brand identity, symbolizing its evolution to a strategic investment holding company.

Savola receives the Sa'afa Award from the Integrity and Transparency Foundation.

2017 – 2021

2017
Savola sells a 2% stake in Almarai, as part of its capital re-allocation, whilst remaining the largest shareholder with a 34.52% stake.



Savola ranks top 10 for transparency in corporate governance, environment and social practices in MENA by S&P and Dow Jones indices and Hawkamah.

Savola launches its second CSR program, 'Negaderha'.

Savola Foods commissions a new factory in Jeddah to manufacture specialty fats for the B2B market.

Savola Foods establishes a joint venture in Iraq with Aves to create Bonus Food Company LLC, which is engaged in the refining and packaging of edible oils and vegetable ghee.

2018 AL KABEER

Savola acquires a majority stake (51%) in Al Kabeer, one of the region's leading frozen foods companies.

2019
Savola issues the second tranche of Sukuk, pursuant to a new program in an aggregate amount of SAR 1 billion.

Savola among the 31 companies added to MSCI (Morgan Stanley Capital International), as part of Tadawul's inclusion into the MSCI Emerging Markets Index.

TOP-LISTED

Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola fourth among top-listed companies in the Arab world for governance and transparency.



2020
Savola named among Top 20 Great Places To Work® in the Kingdom of Saudi Arabia.

Savola ranked top 10 among all non-financial sector companies traded on Tadawul in the Corporate Governance Index (CGI) by Al Faisal University's Corporate Governance Center.

Savola was among the 'Top 100 companies in the Middle East' for 2020 according to Forbes Middle East, ranked 14th in the Kingdom of Saudi Arabia and 39th in the Middle East.

2022

2021 VALUABLE 500

Savola Group joined The Valuable 500 global initiative in 2021, which aims to enhance the inclusion of persons with disabilities through the business sector as a major driver of social change.



KNOWLEDGE ECONOMIC CITY

Savola Group agrees to sell its shares in Knowledge Economic City and Knowledge Economic City Developers Company Limited to Taiba Investment Company for SAR 459 million.



100% OF BAYARA

Savola Foods acquired 100% of Bayara for USD 260 million, in line with its ABCD growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population. Bayara is a leading company specialized in nuts, spices, dried fruits, and snacks, and is based in the UAE with over 3 decades of success and a wide distribution network across the Middle East and Africa.

UNLOCKING VALUE TO STRENGTHEN THE CORE

- Savola Group signed an MoU with Malaysia to enhance palm oil exports

- Savola Group was recognized as a "Great Place to Work"



- The Group was among the "Top 100 Companies in The Region" by Forbes
- Savola World Foundation signed an MoU to form a partnership with the National Transformation Program (NTP)



- The UNDP in Egypt signed an MoU with Savola Foods Company aiming to advance Egypt's Vision 2030 and achieve the Sustainable Development Goals (SDGs) in the areas of climate change adaptation and food security

- Savola Group signed an SPA to sell its entire stake of 11.5% in Knowledge Economic City to Taiba Investment Company at a value of SAR 459 million

- The Group completed the process of divestment of Savola's stake in Knowledge Economic City for SAR 459 million, in line with the Group's strategy to exit non-core investments
- Recognized by the Chartered Institute of Personnel and Development as an Employer of Choice



JANUARY

JUNE

AUGUST

DECEMBER

MAY

- Through Savola World Foundation's Ataa Program, Savola Group achieved more than 100 voluntary hours, with over 520 beneficiaries Kingdom-wide
- The Group shareholders elected the Board of Directors for the new office term that began on 1 July 2022 for a 3-year period
- SAR 106.8 million was distributed to the Savola Group shareholders for the year 2021

JULY



- Savola World Foundation launched the Yumnak program, which focuses on business development

SEPTEMBER



- Savola Group AGM approved the KEC divestment to Taiba Investment Company

NOVEMBER



- Savola Group achieved Golden status for the Mowaamah Certificate, which demonstrates its commitment to supporting people with disabilities

THEME OF THE YEAR

UNLOCKING SUSTAINABLE VALUE

Savola's strength and resilience came to the fore once again in 2022, during a year that will be remembered for strategic progress and solid financial performance in the face of significant challenges to our businesses across our operations and markets.

Through strategic focus and timely transactions, our experienced leadership team succeeded in navigating rising costs and supply chain disruptions, resulting in a range of significant forward strides in strengthening our core, exiting non-core investments, and unlocking sustainable value for our business, shareholders and all our stakeholders.

By continuing to play a key role in food security and aligning our progress with the ambitions of Vision 2030, our diverse and dedicated team lived by our values and built momentum for the greater good of our Group and the Kingdom. We took steps to strengthen our environmental, social and governance propositions to position Savola for unlocking sustainable value going forward.



A UNIQUE INVESTMENT PROPOSITION

A leading Saudi investment holding company with diverse investment portfolios of the largest assets and brands in the food production, marketing, distribution, and retail sectors, providing our shareholders with exposure to favorable demographics and structural trends in the regions we operate in.



A Regional Leader in Food and Retail

SAR 28 billion

One of the largest food and retail players in the region with an annual turnover of over SAR 28 billion

Forbes Top 100

Recognized among Forbes Middle East's annual list of Top 100 companies in the region

#1 Staple food business

#1 basic food business in MENA, Savola has market leading positions and brands across consumer staples and value-added ranges, such as edible oils, sugar, pasta, and frozen food

Leading grocery retailer

Leading grocery retailer in Saudi Arabia, Panda has strong brand equity and over 25.8% market share in the attractive and under-penetrated modern retail space of the GCC's largest market

Largest shareholder

Largest shareholder in 2 leading Saudi consumer brands, Almarai and Herfy, as well as popular frozen food brand, Al Kabeer



Consumer Understanding and Unique MENA Footprint

187 stores

Dominant retail footprint with 187 Panda and HyperPanda stores across the Kingdom, with 90+ million annual transactions and the largest logistics network in Saudi Arabia

Serving 400+ million potential customers

Direct manufacturing and distribution strength in more than 6 countries, with 14 production facilities serving a combined population of more than 400 million

Attractive exposure

Attractive exposure to large and growing population base with favorable demographics - more than 50% below the age of 35 years

Extensive knowledge

Extensive consumer, market and brand knowledge, successfully leveraged to launch, grow and maintain market leading positions and products (e.g. Afia, Al Osra, etc.)

Customer-centric

Continuous customer-centric innovation and product development based on deep consumer outreach to capitalize on strategic opportunities to launch and scale new businesses in the rapidly maturing and evolving consumer space in MENA and beyond



Successful Track Record of Dynamic Capital Allocation

Unique investment model

Unique investment holding business model that allows for strategic investments and value creation in the MENA consumer food and retail space

Experienced leadership

Experienced leadership team with a clear mandate to deploy and/or reallocate capital to enhance shareholder returns through investments in consumer segments with long-term growth potential

40+ years

40+ year track record of business growth, active capital reallocation and long-term investment horizon

Sustainable growth

Actively exploring multiple venues of investments in food and retail to help drive sustainable growth for the Group for years to come



WITH A FOCUS ON DRIVING OUR
CORE BUSINESS, THE GROUP
CONTINUED TO BROADEN ITS
PORTFOLIO, REINFORCE ITS
PRESENCE IN CURRENT MARKETS
AND EXTEND ITS REACH AND
APPEAL IN NEW TERRITORIES.

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BUILDING STRENGTH. CREATING VALUE.

"As we continue our strategic journey, we will ensure that we maintain full alignment with the Kingdom's Vision for the future."

Saudi nationals

72%



Retention rate

95%



Throughout more than 4 decades, Savola has built a rich history of setting new benchmarks, entering new markets and driving extraordinary growth. From our beginnings in 1979, we have both capitalized on our business opportunities and stood fast in the face of adversity, qualities which have earned us the trust of our shareholders, our customers, our employees, and all our other stakeholders.

Our strategic strengths and business versatility have enabled us to once again not only endure but also succeed in another year of uncertainty and instability. The relationships we have garnered since our early years have helped us to steer a straight course to our business goals and commitments to our customers.

Savola's philosophy of success through judicious investment and an inclusive culture has continued to reward us both commercially and individually.

It has been a year of bold strategies and decisive action for Savola, with Panda Retail Company (Panda) reinventing its appeal, Savola Foods Company (SFC) acquiring new businesses and the Group releasing

non-core assets. Our operating companies have delivered excellent results and our customers have appreciated the changes we have made, including the upgraded shop style that resulted from the Panda Customer Experience Revival (CXR) program, welcoming new products and new categories alongside the brands they have always trusted.

We identified areas where our presence would have the greatest impact and understood the potential future returns. We have a mature, sustainable strategy that assures our long-term success and secures our ongoing position as the leader in the sectors we operate in.

Our Commitment to Vision 2030

As the overriding consideration in our operations, Savola is driven by the concept and consequences of Vision 2030. From our efforts to succeed economically and environmentally to our duties as educators and employers, we are passionate in our contribution to the Kingdom's Vision.

Through our dedication to support national employment, we continue to have Saudization as a priority, as we now have a workforce which consists of

72% Saudis, and we continue to recruit and upskill local employees. In line with Vision 2030, we have also nurtured a culture of volunteering, with members of every company contributing to help through their knowledge and skills.

As we continue our strategic journey, we will ensure that we maintain full alignment with the Kingdom's Vision for the future.

A Leading Employer in the Food and Retail Sectors

As a responsible employer and a believer in equality, respect and trust, we work with people on their merits, regardless of gender, ethnicity, nationality or disability, to ensure the diversity and inclusivity that is critical to Savola Group's sustainable story.

We encourage women to apply for positions at Savola at all levels and are proud of our recruitment rate of female staff. We aim to accommodate all of our team members. In 2022, we were once again awarded the Mowaamah Certificate – Gold Standard; a testament to our best practices for disability inclusion.

"We have a mature, sustainable strategy that assures our long-term success and secures our ongoing position as the leader in the sectors we operate in."

Sulaiman A. Al Muhaidib
Chairman of Savola Group



We have a duty of care towards our employees to support them to progress in their professional as well as personal lives. In 2022, we achieved a retention rate of 95% where 9 out of 10 employees described Savola as a fair employer from recruitment to support and promotion. Last year, we instigated several initiatives in accordance with our principles of recognition, reward and engagement, including SFC's "Culture Matters in Restoring Greatness" and a program of nourishment towards the organization, ourselves and our teams.

Corporate Governance

Savola Group maintains the highest standards when it comes to governance and regulatory requirements. Through these focused efforts, we remain among the top listed companies in the Kingdom and region when it comes to corporate governance.

During 2022, the previous Board of Directors' term came to an end and shareholders elected members for the new term effective as of July 2022, with all committees also restructured accordingly. I would therefore like to seize this opportunity to thank the

outgoing Board of Directors for all their efforts and to wish our new Board of Directors all the success in meeting their responsibilities towards our shareholders and various stakeholders.

A Pillar of Strength in our Communities

Savola Group is a passionate advocate of community welfare and the protection of our environment. We have an unconditional commitment to sustainability and society and contribute to both as part of our responsibility to the nation.

Our CSR initiatives and programs revolve around the communities in which we serve and the environment in which we live. We act on the conservation of natural resources and energy and have sustainability at the heart of every operation. Our vision for a cleaner and more just future is encapsulated by the Savola World Foundation, the CSR non-profit organization which guides and leads all aspects of Savola food waste management, youth development, business assistance, and the empowerment of people with disability.

Acknowledgements

On behalf of the Board, I would like to express our gratitude to the Saudi Government for its guidance and our shareholders and stakeholders for their continued support during 2022. Savola has navigated a complex year with several global challenges across several markets and sectors.

A thank you also goes to our executive management for their expert ability to act and react in such volatile economic times. I am, as always, indebted to our outstanding employees across the Group, whose dedication, loyalty, and ceaseless efforts have made Savola what it is today and the continued success it will be tomorrow.

As we look ahead to 2023, we are committed to our cause and can be confident that we will deliver even greater value to all of our stakeholders at Savola.

UNLOCKING SUSTAINABLE VALUE

Savola Group revenues in 2022 reached

SAR 28b

14% 

Savola Group navigated hurdles largely through deliberate capital allocation, astute strategizing, operational agility, and long-established supplier and distributor relationships.

Once again, Savola showed admirable resilience as the world faced an uncertain year, delivering significant strategic achievements and solid overall financial results. Equally as important for our long-term interests, our investments are enabling the Group to unlock the value of our existing assets and bolster business growth for the future.

During a turbulent year, many of the region's food and retail organizations faced strong headwinds, with rapidly rising inflation, increased interest rates and global economic volatility brought about by conflicts that affected the supply of goods.

Savola Group navigated hurdles largely through deliberate capital allocation, astute strategizing, operational agility, and long-established supplier and distributor relationships.

Solid Performance and Results

With a focus on driving our core business, the Group continued to broaden its portfolio, reinforce its presence in existing markets and extend its reach and appeal in new territories.

Savola Group's revenues for 2022 reached SAR 28 billion, representing an impressive 14% increase over 2021 and a

gross profit of SAR 4.87 billion compared to SAR 4.48 billion the previous year. The Group recorded EBTIDA of SAR 2.7 billion with a margin of 9.5%, while net income reached SAR 743 million compared to SAR 222 million last year, largely due to the performance of the Foods Processing segment and share of profit from associates.

As expected, the Retail segment reported a decline in its financial performance, largely due to partial store closures and renovation works as Panda continues its CXR program.

Accelerating Strategic Progress

As we continue our strategy, our primary goals in 2022 were to reinvest in our core businesses, monetize our assets and commit to sustainable profits for the longer term.

To unlock value, Savola Group Company completed the disposal of its investment in Knowledge Economic City which generated cash proceeds amounting to SAR 459 million and realized an overall gain amounting to SAR 81 million. Similarly, SFC is in the final process of divesting 100% of its shares in its Moroccan unit, which is scheduled for completion in 2023.

By exiting non-core sectors, we are able to build, expand and refocus our fundamental operations, while creating growth opportunities both domestically and internationally. One example of this is the SFC's purchase of bakery assets this year in Egypt, one of the biggest snacking markets in the region, which established the strategic direction for accelerated expansion into new categories and products.

SFC's acquisition of Bayara has also proven to add strategic value and support performance. With a distribution network spanning Saudi Arabia, the UAE and more than thirty other countries across the region, the company is beginning to take full advantage of its networks and expand into value-added categories directed towards a younger demographic.

Finally, SFC's innovations in 2022 included the launch of 25 new B2C product developments, including oils, ghee and bakery goods across our key markets and 11 new B2B products, under the 'Savola Professional' umbrella.

"In the year ahead, we will continue to unlock value of our holdings and strengthen our key brands, while seeking opportunities to enhance our market position and share. Growth in core segments will continue to be our key strategic focus, as we identify prime opportunities to grow Savola Group's ecosystem and enhance shareholder value."

Waleed Khalid Fatani
Group Chief Executive Officer




As we double down on our core business philosophy, Panda's CXR program continues to remodel the appeal of its supermarkets and hypermarkets, creating an entirely new shopping experience for its customers at the 45 stores that have been renovated so far.

Savola Group's investment in Almarai paid dividends in 2022, with yet another solid performance from the Middle East's leading food manufacturer and distributor. As for Al Kabeer, we are focusing on transforming and increasing its presence in Saudi Arabia, maintaining its position as one of the leading frozen foods distributors in the Kingdom.

Promoting a Strong People Culture

While each of our companies and investments may have very different areas of expertise and sector leadership, we are dedicated to ensuring we all perform to the same standards, ethics and corporate goals. This approach is vital to achieving collective success and creating a culture of contribution and belonging.

We are committed to the people who work with us and the pivotal role they play in our success. In return, we ensure that we operate in an environment of trust, respect, integrity and responsibility. We abide by our People Pillars Program which guarantees a caring, healthy and safe place to work with a work-life balance and a program of shared values.

In 2022, we were certified and recognized for the third year in a row by the Great Place to Work Institution, the global authority on workplace culture, that provides a high-profile program recognizing outstanding, reliable and high-performing work environments worldwide. We were also named as Employer of Choice in the MENA region by the Chartered Institute of Personnel and Development for our outstanding achievements in people management, talent development and rewarding culture.

Looking Forward

In the year ahead, we will continue to unlock value of our holdings and strengthen our key brands, while seeking opportunities to enhance our market position and share. Growth in core segments will continue to be our key strategic focus, as we identify prime opportunities to grow Savola Group's ecosystem and enhance shareholder value.

We look forward to an exciting and exceptional year ahead, building on SFC's strong performance this year, and fast-tracking Panda's transformation with rollout of the new look and feel across its range of supermarkets and hypermarkets to revolutionize the way its customers shop.

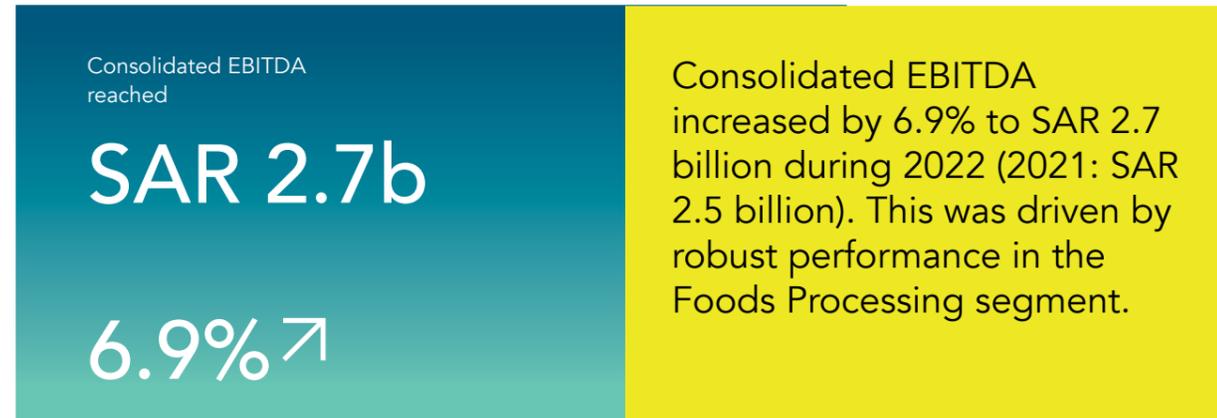
Acknowledgements

I would like to thank our customers for their continued trust and belief in Savola's ability to deliver on our promises and create sustainable value. We remain committed to providing the best products, the best customer experience and the best value for all our stakeholders.

I would also like to express my sincere gratitude to our Chairman and Board for their guidance and support, and to our Executive team for their expertise and acumen in navigating a tumultuous market.

As always, I am thankful to our employees across the Group for their loyalty, dedication and unwavering commitment to our success.

FOCUSING ON OUR CORE BUSINESSES



During 2022, Savola Group's continued focus on our core businesses delivered an increase of 14% in consolidated revenue to SAR 28 billion (2021: SAR 24.7 billion), with contributions from key markets (GCC & Egypt) remaining strong at 80% (2021: 83%).

The Group's Food Processing segment led expansion of top line and bottom line (net income amounting to SAR 405 million; highest since 2017), by focusing on growth in B2B volumes, expansion into new categories and the implementation of effective pricing strategies.

As part of the transformation strategy of the Retail segment, the Group continued investing in the Customer Experience Revival (CXR) program and accelerated cost-cutting initiatives. Initial customer response from the renovated stores under Wave 1 of the CXR program (45 stores) was quite promising. The Group's target is to renovate 75 stores by the first half of 2023.

Consolidated EBITDA increased by 6.9% to SAR 2.7 billion during 2022 (2021: SAR 2.5 billion). This was driven by robust performance in the Foods Processing segment.

The Group's net debt reduced to SAR 6.7 billion as of December 31, 2022 (2021: SAR 7.1 billion) by optimization of working capital (despite inflationary cost pressures) and a continued focus on exiting from non-core assets. During 2022, the Group successfully disposed its investment in KEC, which generated an overall gain and free cash flow amounting to SAR 81 million and SAR 459 million, respectively.

In line with the Group's policy to distribute cash dividends, the Board of Directors approved cash dividends to the shareholders amounting to SAR 352.42 million (i.e. SAR 0.66 per share) for the year 2022.

Looking forward, we will continue to invest in our core businesses to create sustainable value for our shareholders. We remain wary of the business challenges imposed by currency devaluations in emerging markets and rising financing costs. To mitigate these risks, we have implemented pricing and financial risk management strategies, fit for growth initiatives and economic hedge arrangements.



A FOCUSED MODEL THAT AIMS FOR SUSTAINABLE GROWTH

Savola is a strategic investment holding company with a thematic investment program focused on the food and retail sectors, with the aim of creating value by enabling and accelerating growth levers in the underlying portfolio to achieve scale and profitability.

Our Strengths 	Our Challenges 	How We Add Value 	Our Corporate Values 
<p>Strategic Focus Savola focuses its operations on a long-term consumer trend-driven lens, aiming to dynamically allocate capital to generate long-term value growth.</p> <p>Strong Governance Framework A robust governance and transparency framework, prioritized throughout Savola's history, building shareholder trust.</p> <p>Infrastructure and Consumer Access Through our holdings, we possess Saudi Arabia's largest distribution network, retail space and brand portfolio in the country's consumer space and touch millions of consumers across all of our markets.</p>	<p>Challenging macro-environment in operating countries, whereas a number of countries introduced economic reforms that may have a negative impact on the purchasing power of consumers.</p> <p>Change in consumer behavior, where consumer preferences and tastes may change in a more pronounced manner that may impact current products and business models.</p> <p>Limited number of transactable assets from the perspective of an investment holding whose key directive is to allocate capital.</p> <p>High relative valuation of food assets, in view of scarcity of sizeable assets that fit strategically with Savola Group's investment mandate, as well as other factors including the economic and business cycles and their impact on such assets.</p>	<p>Leadership and Governance Savola's focus as a strategic shareholder is to implement best practices across its portfolio to ensure:</p> <ul style="list-style-type: none"> - Alignment of incentives among stakeholders; and - Selection of the right leaders and management teams to deliver on strategic and operational targets. <p>Setting Targets and Monitoring Performance Savola is building the tools required for effective performance management across its portfolio. This includes both short-term and long-term operational and financial KPIs, with periodic reviews and a proactive approach that prioritizes the long-term best interest of the business.</p> <p>Capital Allocation Savola aims to maximize returns on investments by deploying or redeploying capital to enhance shareholder returns and create additional value by gaining access to segments with long-term potential within the consumer space. The primary objective is to generate sustainable excess returns over the cost of capital.</p> <p>Long-Term Strategic Planning Savola believes that in addition to managing our capital and operating companies for performance and long-term sustainability at the subsidiary level, our role is to look at our markets, our holdings, and our operations with a view to realize our ambition of maximizing our share of consumer spend across our markets profitably over the long-term horizon.</p>	<p>Our values underpin everything we do, they are a blueprint for concrete actions we take as individuals, as a team and as a company, every day.</p> <p>Personal Values Tawado: Confident Humility; Having the confidence to perform our responsibilities while having the humility to minimize our ego It'qan: Relentless pursuit of perfection; The ability, willingness, desire, and intention to do our best to ensure that work is completed to the best standards Azm: Fierce Resolve; Apply what we learn to improve ourselves Iq'tida: Apprenticeship; To seek out, interact with, and learn from those who are more knowledgeable than us</p> <p>Group Values Ihsan Al-Dhan: Trusting; Trusting others' intentions without doubting them Mu'azarah: Caring; Provide support to our colleagues to help enable their success Qabool: Acceptance; Endure the views of others by going beyond tolerance or acceptance Iq'bal: Approaching; Improve what we do by using what we have learned from the interaction with others</p> <p>Corporate Values Taqwa: Conscientiousness; Fulfillment of our responsibility toward external parties Amanah: Honesty; Fulfillment of our responsibilities towards investors Mujahadah: Personal control; Achieving the personal discipline necessary to fulfill our responsibilities Birr: Caring Justice; Fulfillment of our responsibility toward our colleagues and the employees of the company</p>



OUR INVESTMENTS IN THE FOOD VERTICAL CONTINUED TO DELIVER HEALTHY FINANCIAL RESULTS IN 2022, DESPITE AN UNSETTLING YEAR IN TERMS OF CONTINUED COMMODITY AND OPERATING EXPENSES INCREASES DUE TO GEOPOLITICAL DISRUPTIONS ELSEWHERE.



FOOD INVESTMENTS

Savola Foods Company

Almarai

Al Kaber



Savola Foods Company (SFC) reported strong financial performance during 2022, as it was able to successfully navigate the challenging global macroeconomic environment, high commodity prices, supply chain constraints, and geopolitical impacts on the sector. The company continued to expand its brands, with new product launches and innovation on existing products.

SAVOLA
SHAREHOLDING

100%



SAVOLA FOODS COMPANY

Net revenue
SAR

16.44b

↗ 30.2%

Gross profit
SAR

1.99b

↗ 30%

Net profit
SAR

405m

↗ 28.3%

Financial Highlights

Notwithstanding the challenges of 2022, SFC achieved another year of positive results, recording net revenues of SAR 16.44 billion, compared to SAR 12.63 billion in 2021, gross profit of SAR 1.99 billion compared to SAR 1.53 billion in 2021, while net income reached SAR 405 million, compared to SAR 316 million in 2021.

Strategic Highlights

SFC has continued to execute various initiatives under its "4 Pillar Strategy of Transformation" as highlighted below. The strategy focuses on strengthening its core, expanding in new categories, diversifying through early-stage investments in promising regional companies, and transforming through digital and offline disruption.

A-B-C-D:

The 4 Pillar Strategy of Transformation



ANCHOR

How can we grow

Current categories to new Geographies Growing today's businesses via youth focused line extensions



BET

How can we diversify

Placing VC investment in nascent, high-growth youth-focused categories e.g.: snack bars, alternative protein.



CONQUER

How can we ingress

Entering large and established categories in KSA, Egypt and Turkey. Target youth via new product lines and branding like snacks, confectionary, biscuits, spreads, herbs and spices, processed meats, etc.



DISRUPT

How can we transform

B2B platform (digital and offline) to capture growing eating out + delivery youth trend (convenience). Capitalize on increasing Food Service spend due to the convenience youth trend.

FOOD INVESTMENTS

Strengthening the Anchor Pillar

Within its Anchor pillar, SFC continued its innovations in 2022, especially in the B2C segment, wherein it successfully launched 25 new product developments, in oils, ghee and bakery categories across Saudi Arabia, Egypt, Central Asia, Algeria, Turkey, and Sudan.

Afia launched its innovative, immunity-boosting edible oils, which is a global first-of-its-kind initiative featuring zinc in cooking oils. It also launched other health-focused variations of edible oil, such as Afia Corn Plus with Omega 3 and 6.

SFC brands achieved significant growth across regional territories, particularly in the GCC. Market share for edible oils in all markets are strong and continues to be the number 1 or 2 brands in all its markets. Afia Sunflower Oil became the segment leader in the UAE for the first time since its launch.

In its sugar segment, SFC ventured into the low-calorie sweetener category with launch of the "Sweet and Fit" brand in Saudi Arabia.

Conquering for Next Growth Phase

Following the acquisition of Bayara in 2021, SFC continued to strengthen its Conquer strategic pillar through the acquisition of bakery assets in Egypt during 2022 to diversify further into new categories and product portfolios. Through this acquisition, SFC intends to enter the manufacturing and distribution of bakery snacks, such as croissants, sandwiches and cakes, and leverage the platform to distribute seafood, nuts, spices and pulses products in Egypt in the future.

To further diversify and drive growth, SFC also relaunched the Bayara product range in Saudi Arabia under its "Afia" brand, extending SFC's power-brand name into new categories of nuts, spices, and pulses beyond the traditional edible oil products.

Nurturing New Enterprise

SFC's investment in Munchbox in 2021, as part of its strategy to cater to youth and healthy product categories, demonstrated promising results. Munchbox, with its offerings of high protein, KETO, and low-calorie snacks, has strengthened its presence in the UAE and expanded its reach in Saudi Arabia.

Working Towards B2B Transformation

Within its Business-to-Business (B2B) segment, SFC launched 11 new product developments. It also set a new platform under the umbrella of "Savola Professional" which will exclusively cater to SFC's B2B initiatives and efforts, across various markets.

Revenue Breakdown

(SAR million)



Edible Oil and Fats

12,046



Sugar

3,226



Pasta

528



Others

641

Total

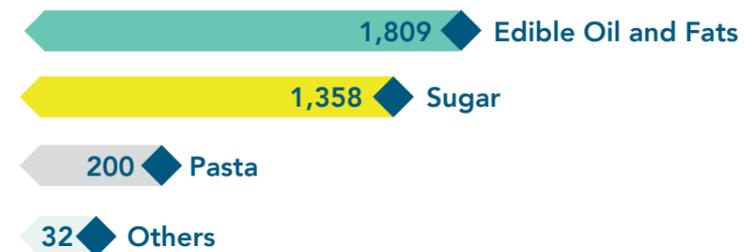
16,441

SAVOLA FOODS COMPANY



2022 Sales Volume by Business Line

(KMT)



Total

3,399



Almarai remains at the forefront of innovation in the sector, introducing new product offerings that cater to the evolving needs of the local population while playing a key role in the Kingdom's food security.

SAVOLA
SHAREHOLDING

34.52%



Market Share
Almarai preserved its leading market share across multiple segments, including dairy, juice, and poultry



ALMARAI

Revenue SAR billion	Net income SAR billion	Gross profit SAR billion
2022: 18.72	2022: 1.76	2022: 5.62
2021: 15.85	2021: 1.56	2021: 5.06

About Almarai

Founded in 1977, Almarai is the world's largest vertically integrated dairy company. It is a leading food group in MENA, with a presence in the dairy, juices, bakery, poultry, and infant nutrition categories.

Savola Group is the largest shareholder, with a 34.52% holding in the company.

Almarai remains at the forefront of innovation in the sector, introducing new product offerings that cater to the evolving needs of the local population while playing a vital role in the Kingdom's food security.

Financial and Strategic Highlights

Almarai delivered strong results driven mainly by poultry and bakery products. Post COVID-19, the full resumption of educational and tourism activities also played a favorable role in improving the overall performance.

The company's strategy continues to expand its poultry business and enter into new protein categories in beef and seafood.

Almarai, in FY 2022, achieved revenues of SAR 18.72 billion, compared to SAR 15.85 billion in 2021. Gross profit reached SAR 5.62 billion compared to SAR 5.06 billion in 2021 and net profits of SAR 1.76 billion, compared to SAR 1.56 billion in 2021.



Savola Group acquired 51% of Al Kabeer in 2018 to diversify and enter into the frozen food space and value-added product categories.

SAVOLA SHAREHOLDING

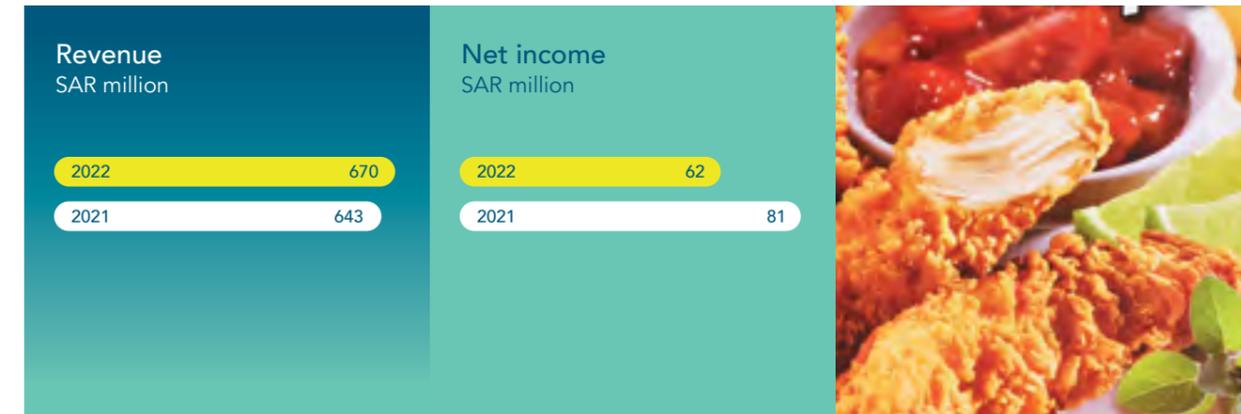
51%



10 cold storage facilities and 20,000 outlets across the GCC



AL KABEER



About Al Kabeer

Al Kabeer is a leading frozen food supplier and a household name in the Middle East, having served the people of the GCC since 1974. Al Kabeer manufactures and distributes a portfolio of more than 300 SKUs, from frozen poultry, beef, vegetables, and seafood to snacks and ready-to-eat meals. It operates 3 manufacturing facilities located in the UAE and Saudi Arabia. In addition, the company has a strong distribution network operating through 10 cold storage facilities to around 20,000 outlets across the GCC.

Savola Group acquired 51% of Al Kabeer in 2018 to diversify and enter the frozen food space and value-added product categories.

During 2022, Al Kabeer continued to focus on strengthening its foundation to execute its next 5-year growth plan supported by product enhancement and innovation, brand development strategies, and further institutionalizing the company.

Financial Highlights

In 2022, Al Kabeer's financial performance remained resilient, despite global macro factors that led to high raw material costs and supply chain issues, including local regulatory changes. The company continued to perform driven largely by its key markets and strong recovery in HORECA channels.

The company reported revenues of SAR 670 million, compared to SAR 643 million in 2021. Gross profit reached SAR 211 million, compared to SAR 230 in 2021, and net income was SAR 62 million compared to SAR 81 million in 2021.

OUR INVESTMENT IN THE
RETAIL VERTICAL FACED
SIMILAR CHALLENGES TO THE
FOOD VERTICAL, AS WELL AS
INTENSIFIED LOCAL PRICING
COMPETITION IN THE SECTOR.



RETAIL INVESTMENTS

Panda Retail

Herfy Food Services Company



Panda Retail Company (Panda) continued its transformation journey in 2022. The company's Customer Experience Revival program (CXR) is reshaping the look and feel of its stores and enhancing the overall customer shopping experience. The program has resulted in complete upgrades of 45 stores, setting the stage for positive momentum going forward.

SAVOLA
SHAREHOLDING

98.87%



PANDA RETAIL



Financial Performance

Overall, in 2022, there was a decline in the Panda's financial performance. While Panda successfully added a new store in Egypt, the 2022 financial results were a result of partial store closures related to disruption of CXR implementation program and the final closure of 9 stores in addition to the stores closed towards the end of 2021; bringing the footprint down to 187 stores in total, 5 of which are in Egypt. Panda recorded revenues of SAR 10.11 billion in 2022, compared to SAR 10.48 billion in 2021, primarily driven by the decline in basket size and the customer count compared to last year.

Strategic Focus

Despite short-term challenges and longer-term trends, Panda has been able to maintain its market leadership role in the hypermarket and supermarket segment in terms of market share.

Through the CXR program, Panda is working towards elevating the customer experience with not only a revamped look and feel inside the stores but also optimized backend systems that include shelf and availability planning. The result is a combination of enhanced visual appeal and experiential delight. Early results of the program are indicative of improved key operating metrics.

Transforming for Impact

CXR is creating an environment in line with Panda's vision to be the leading sustainable retailer, constantly innovating to provide for the communities it serves every day. The CXR program is on track to be rolled out to all stores.

Panda's overarching strategy is to transform the shopping experience, catering to its current customer base, as well as new prospects, while providing a totally refreshed experience to its customers. In response to this, Panda's most recent market research indicates that customer satisfaction is high, with a Net Promoter Score reaching global benchmarks.

The Digital Journey

Panda has initiated its digital transformation to enable better customer experiences in this ever-evolving technological era. The company has completed merchandising and financial system overhauls which are now enabled with optimized business processes via cloud technology.

To prepare for the future, Panda has increased investment into its CRM capabilities, which gathered data from more than 9 million customers in 2022. This outstanding response provides a significant advantage in delivering more targeted and direct promotions.

Furthermore, Panda has implemented an advanced forecasting and replenishment platform, to help manage the supply chain and provide better product availability.

Panda in 2023

Panda will continue to execute on its CXR program in 2023 and look at opportunities to build on the foundations of the transformation program. This will allow the company to continuously optimize key assets to deliver the best possible return per square meter in sales and margins.



Herfy is one of Saudi Arabia's leading fast-food brands and a key player in the nation's Quick Service Restaurant (QSR) space. Savola Group is the largest shareholder in Herfy, with a 49% holding in the company.

SAVOLA
SHAREHOLDING

49%



For over 2 decades, Herfy has provided Savola Group with a well-loved and trusted brand in the growing QSR sector



HERFY FOOD SERVICES COMPANY



About Herfy

Established in 1981, Herfy Food Services Company is Saudi Arabia's leading fast-food chain, with 387 branches serving communities across the Kingdom and an international franchise in Kuwait, Bangladesh and Nigeria. Herfy also operates a network of pastry shops in the Kingdom and creates value as a diversified and integrated company, operating its bakery, cake, rusk, and meat processing facilities.

Financial Highlights

In 2022, Herfy faced several challenges as competition increased significantly along with the global macro factors resulting in high input costs and supply chain issues, which impacted the company's performance. In addition to this, the overall QSR sector witnessed intensified competition by local and global brands via aggressive promotions and pricing campaigns.

Herfy's revenues reached SAR 1,244 million compared to SAR 1,319 million in 2021. Gross profit landed at SAR 307 million compared to SAR 418 million over 2021, while the company's net profit reached SAR 3.546 million compared to SAR 151.791 million in 2021.



SUSTAINABILITY

Our People

CSR

OUR PEOPLE

At Savola, we are proud to maintain our distinguished position as Saudi Arabia's employer of choice in the food and retail sector, and have reinforced our commitment to the people who have made us the success story we are and will continue to be.

Our workforce is pivotal to our future and their contributions are critical to our continued growth. They are the inspiration for our ambition and the drivers of our success. In order for us to maintain the relationship we are proud of, we have worked hard to ensure that we invest in their development, and have succeeded in earning their loyalty. We have made a commitment to ourselves to empower and motivate our people, as they continue to be our greatest asset.

Our business proposition – Value Built on Values – encapsulates our vision, mission, and commitment to creating a work environment of equality, trust and respect for every individual and team. As defined by our Group Competencies, we understand the need and benefits of reward and recognition and have continued to appreciate their efforts and provide a workplace where they can thrive and progress.

Through our People Pillars Program, that aims to enhance the employer brand, adhere to the nationalization objectives and promote an engaged work environment that supports productivity and welcomes change, we attract, retain and motivate leading talent in our industry.

Throughout the year, we remained dedicated to deliver the employee value proposition through People

Pillars objectives, where we provided multiple channels for employee voice, both formal and informal, to measure and monitor employee engagement levels, and thoroughly analyze the results of responses, which included a strategic action plan with a wide range of initiatives and activities to address the identified opportunities for impact and improvement ensuring a uniquely rewarding culture and working experience.

Total Employees in KSA	Total Saudi Employees	Female Saudi Employees	Employed People with disability
17,891	6,777	1,496	384
HQ	HQ	HQ	HQ
56	38	10	1
SFC	SFC	SFC	SFC
1,481	656	82	120
Panda	Panda	Panda	Panda
15,853	5,904	1,294	259
AlKabeer	AlKabeer	AlKabeer	AlKabeer
501	179	110	4



SUSTAINABILITY

OUR PEOPLE

Driving Employee Engagement

As an extension to our Tower Employee Engagement Survey which is conducted periodically by the Great Place to Work Institution, this year we achieved an 85% level of engagement with 100% participants rate, which indicates our commitment to maintaining a continuous improvement and rise of the employee's engagement level with the organization that will ultimately steer the organization towards growth and success. As 4 years ago, in 2019 we scored a 78% level of engagement, and back in 2016 we scored a 64% of engagement rate.

Our efforts to engage and include our employees in Savola Group's progress are central to our working philosophy and for the third year in a row, we were certified and recognized by the Great Place to Work Institution, the global authority on workplace culture, which focuses on high-trust, high-performing workplace values around the world.

Furthermore, this year we were recognized as an Employer of Choice in the MENA region by the Chartered Institute of Personnel and Development for our outstanding achievements in people management, talent development and rewarding culture during 2022.

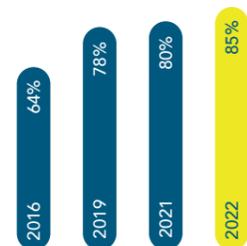
We continued to retain key talent in critical roles under the Long-Term Incentive Program for top executives, who achieved the Group's strategic objectives by completing the third tranche of our shares buy-back.

In addition, the Group conducts periodic compensation and benefits benchmarking to enhance our competitive pay stance in the market and ensure our pay scale is competitive and attractive to top talent. As a result of the exercise, top talent of the organization were considered for a special reward and an adjustment to the Education Assistance Allowance has been implemented.

To maintain the company culture of inclusivity, it is essential that we recognize we are all part of the Savola family, with transparency and accessibility at all levels. To this end, we continued to enhance and reinforce employees' engagement with the company's latest news through quarterly town hall meetings with the Group CEO.

In addition, the Group reactivated Savola Group Annual Day, with a range of theoretical and physical activities designed to reinforce understand of our updated Competencies Framework that was revamped back in 2021 based on the company's future business needs and vision to achieve our long-term objectives.

Engagement score



Leadership Synergy Initiatives

A number of integrated initiatives were carried out throughout the year to reinforce leadership alignment and synergy among the Group and its OpCos. These included strategy workshops to emphasize on the Group's vision and to help identify where support is required to achieve our shared vision for the future.

To support this critical goal, we consolidated and synergized efforts through the formation of committees focused on social responsibility programs and government relations, including:

Government Relations Committee

Develop a comprehensive government-relations strategy with clear objectives and tactics, as well as establishing and maintaining effective relationships with key Ministries, government sectors and decision-makers.

Corporate Social Responsibilities (CSR) Committee

Strategize the Group's CSR work and related activities into clear and common purposes, and align the Group efforts and create competitive advantages through Savola World Foundation's programs and CSR activities.

Environment Committee

Develop a strategic plan to build and implement the Group's Environmental Policy, while overseeing all environmental activities, including those involving: energy, water, waste management systems, recycling, emissions and transportation.

Enhancing Workplace Wellness

In line with our focus and commitment to providing the best possible work environment for our people, our employees' health is a priority at every level. As a result, our Tower Employment Engagement Program survey showed a 100% satisfaction rate of having a healthy and safe place to work, a 7% increase over 2021.

We have a number of premium medical services, including our continuing partnership with one of the biggest hospitals groups in the region, to provide comprehensive facilities at our in-house clinic. Our partnership has been renewed with a leading insurance provider and with a reputable healthcare provider to operate health lounges with specialized medical teams to provide a number of new services, including primary health assessments and seasonal influenza vaccines.

Health awareness has also been a priority, to ensure our employees stay well and understand the symptoms of potential dangers. This ranges from operating a lounge for International Healthy Food Day to awareness campaigns on breast cancer.

Our Competencies

Strategic Mindset Seeing ahead to future possibilities and translating them into breakthrough strategies	Business Insight Applying knowledge of business and the marketplace to advance the organization's goals	Manage Change and Innovation Creating new and agile ways for the organization to be successful
Build Effective Teams Building strong-identity teams that apply their diverse skills and perspectives to achieve common goals	Ensure Accountability Holding self and others accountable to meet commitments	Organizational Savvy Maneuvering comfortably through complex situations, and people-related organizational dynamics



SUSTAINABILITY

OUR PEOPLE

Promoting Work-Life Balance

One of the primary drivers for employee satisfaction and productivity is a positive work-life balance. In 2022, we continued adapting a remote working system policy and implemented flexible working hours policy when the need arises without jeopardizing the quality and quantity of production. Our survey showed an 82% satisfaction rate of being encouraged to balance their work and personal lives.

We aim to ensure employees have the facilities they need and want at Savola Group workplace tower, including the Dr. Soliman Fakeeh Hospital in-house clinic, a nursery, canteen and mini-market. Once again, our Tawer survey showed another outstanding result, as we achieved a 93% satisfaction rate of workplace facilities.

In 2022, we renovated Savola Group's workplace aiming to enhance employee's work environment, including:

- Changing the coffee shop provider, aiming to support Saudi start-up business owners by partnering with local coffee shops, with an agreement that includes a special rate for the employees.
- Initiating a project to operate the nursery for female workers in-house, as it was externally sourced due to COVID-19 government instructions.
- Operating a Female Lounge to ensure an attractive workplace environment for our female workers.
- Operating an Executive Lounge to enhance synergy of Savola Group and its OpCos' senior leadership teams.
- Adapting family-friendly policies, such as recognizing special events in our employees' personal lives, as well as assisting employees with their personal needs by distributing Eid and Ramadan giveaways.
- Providing our employees with a range of unique benefits, such as home loan scheme for Saudi employees, Takaful insurance to support families in the case of death or disability, and Al Tawoon fund.

- Continuing our partnership with an online application to provide a wide range of discounts, corporate rates, and offers for employees and their families, along with other benefits from other providers.

Building a Winning Culture

Among our strategies to create a harmonious, inclusive and engaged workforce, Savola Group has an ethos of nourishment towards the organization, ourselves and our teams.

As an ambitious, mission-driven leading strategic investment holding company, we understand that to deliver on our vision and achieve our strategic objectives we need an empowered, motivated, and highly skilled workforce backed with strong corporate values and competencies that shape the organization's culture and individuals.

Savola Group's values are a set of long-term values drawn from our rich Islamic heritage, which we espouse as a blueprint for concrete actions we take as individuals, as a team and as an organization since the Group was founded in 1979.

We are committed to being an equal and inclusive employer regardless of gender, nationality or disabilities. We achieved an 89% satisfaction rate of being a fair employer, which applies throughout the entire journey from recruitment and progress to support and promotion.

In addition, we continue to hold the Mowaamah Golden Certificate for our commitment to applying the best standards and practices in creating a work environment suitable for people with disabilities.

We enhanced social interaction and networking as we were able to gather the Group and OpCos employees through operating lounges based on international days, such as celebrating Saudi National Day, as well as inviting employees and their families to enjoy a day full of activities to celebrate the start of the academic year. This supported our achievement of a 91% satisfaction rate of being a fun place to work.

Furthermore, we launched a World Cup program in response to the worldwide event (FIFA World Cup Qatar 2022™) that included a highly engaging competition, special offers to attend the matches, invited employees to exciting interactive football-related activities, and more. We also continued to provide our employees with several recognition initiatives, such as rewarding employees who have dedicated themselves to the service of Savola Group.

In SFC, salary and grade reviews, benchmarking studies, school and medical upgrades and anti-inflation measures were implemented during 2022. As SFC continued to encourage

a culture of respect and appreciation, its 'Culture Matters in Restoring Greatness' program featured hundreds of 'thank you' cards sent from employees to their colleagues across Saudi Arabia, Algeria, Egypt, Central Asia, Sudan and Turkey.

Attracting and retaining talent

	2021	2022
Retention Rate (%)	92.59%	94.64%
Saudi Retention Rate (%)	94.00%	95.00%
Joiners	5	5
Leavers	4	3
Regrettable loss (%)	1.8%	0%

As an employee-centric organization, it is imperative that we not only recruit the most capable and committed workforce, but also to ensure that they have the incentives to be with us for the long term.

We continued to solidify our position as an employer of choice in our industry, building our employer brand and reputation as a great place to work. In line with the Group Strategy for continually enhancing our human capital, we continued to see increasing number of job seekers applying for externally published job posts in professional sourcing and recruitment platforms. We also continued to increase the rate of followers (i.e. job seekers) and interactions across a range of social media platforms.

Savola has always shown its support and a duty of care towards its staff by providing them with professional and personal assistance, including home loans for Saudis and emergency funding through the Al Tawoon fund.

Developing Our People

Career advancement and upskilling is essential for increasing employee productivity and maintaining the Group's status as a leader in food and retail. This year, the Group focused on quality over quantity, ensuring high quality development for top talent across the organization, in line with the company's strategy.

"Development and Growth to shape our future" was the slogan for 2022, as we emphasized our commitment to providing a working environment in which our people can grow, thrive, and excel. We provided a wide range of opportunities for self-advancement and learning to support exceptional professional development paths for staff across all levels.

Savola Group competencies were prioritized as an essential component to understand employees' learning and development needs, while ensuring full alignment with broader business needs. We conducted a competencies-based 360 assessment feedback, in collaboration with one of the leading HR consultants in the world, to enhance all employees' self-awareness which helped employees and the company to identify strengths and areas of development moving forward.

Succession Planning continued to be a key focal point for Savola Group as well, ensuring that proper plans and contingencies are in place for key positions across the organization. Thus, we launched an intensive assessment center to have a tailored Individual Development Plan (IDP) for our talent pool to create a high-potential pipeline of our future successors and emerging leaders. As of year-end, we have identified qualified successors for 5 out of 6 senior leadership positions to ensure continuity if required.



SUSTAINABILITY

OUR PEOPLE

Additionally, we continued to conduct our annual Learning Needs Analysis to discuss the employees' development gaps and plan their learning and growth opportunities. Throughout the year, we managed to achieve our learning plan by focusing on enabling our employees to be certified in their respective specialties, by continuing our collaboration with a range of prominent and prestigious learning institutions to develop our employees' technical and soft skills.

In 2022, Panda focused on improving learning methods, evaluating training and aligning business and performance programs. The company delivered a Fresh Food Capability Building Program, with 3,347 department associates Kingdom-wide trained on customer service, selling skills and product knowledge. A total of 2,196 new employees from multiple sections have been trained.

Overall, Panda's learning and development programs delivered more than 960 training sessions over 79,890 man-hours to 8,011 new and existing store employees.

In total, SFC conducted 166 IDPs in 2022 as part of their Accelerate Program and has 15 management trainees in Saudi Arabia, Sudan and Algeria. In addition, SFC admitted 127 interns during the year.

Contributing to Vision 2030

In every aspect of our operations, Saudi Vision 2030 is front of mind. In continuing our leading Saudization program in 2022, Saudi nationals now constitute 72% of the Savola Group workforce, maintaining our HQ platinum zone rating in the Nitaqat initiative to reduce unemployment.

Our ongoing collaboration with the Human Resources Development Fund – Tamheer Program, continues to ensure that Saudi citizens have the capability to compete in the marketplace by developing basic and future skills. We increased the job training opportunities by 125%, providing permanent job opportunities when available.

In a world increasingly reliant on innovation, we have promoted the drive towards digitization and minimizing paperwork, and will continue to forge ahead with that goal in line with the government's targets.

Furthermore, we strengthened our culture of giving to help achieve the Vision 2030 goal to have 1 million volunteers by the end of the decade. Our CSR committee coordinated efforts among Savola Group and its operating companies to provide and encourage relevant activities. Based on our Tower survey, we witnessed a 12% increase over 2021 by achieving 91% employee satisfaction in contributing to good causes.

Our employees proved their compassion and unwavering commitment to the community through a full spectrum of initiatives and campaigns, covering Ramadan activities, World Blood Donor Day and 'Volunteer your Knowledge', a program where staff relayed their expertise to young graduates. At King Abdulaziz University Career Fair our experts also shared their experience to help students enter the labor market.

To support our Savola World Yumnak Program, we encouraged the Group's senior employees to support, direct and guide local startup companies, and meet with administrative, strategic, planning, financial, marketing and technical specialists to increase growth opportunities and attract investments.

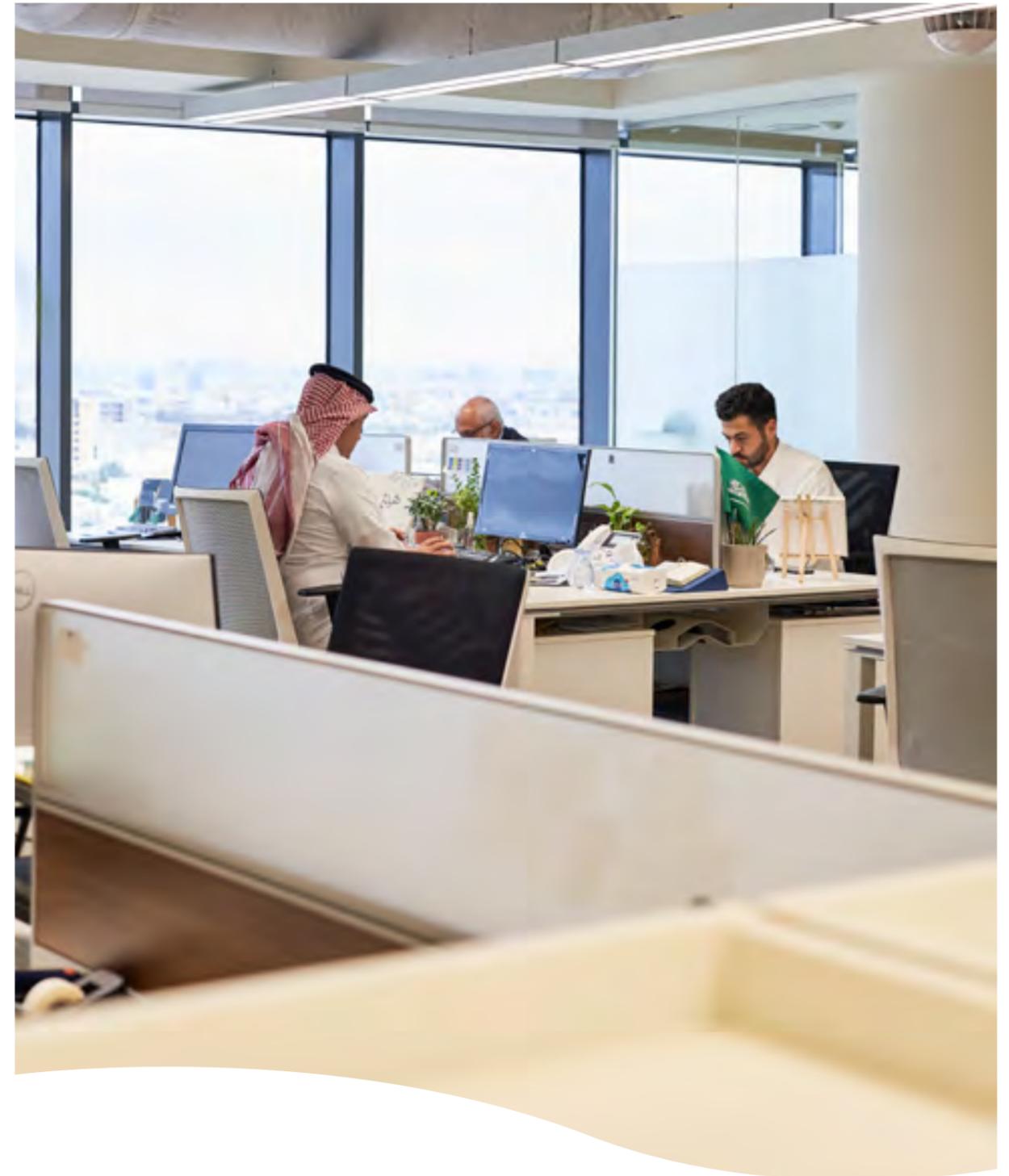
Through the Tawoon Contribution Fund, SAR 340,000 of financial assistance was channelled toward supporting employees that faced financial emergencies, such as the those that were affected by the gentrification of the historical district in the heart of Jeddah.

Saudization rate



Our People in 2023

Having cemented our position as the number one employer of choice in our sector last year, in 2023 Savola Group will develop new strategies to improve the skills and opportunities of our existing workforce and instigate new initiatives to recruit top talent, specifically from the Saudi population.



CORPORATE SOCIAL RESPONSIBILITY

RESPONSIBLE ACTIONS. SUSTAINABLE IMPACT.

As an active and responsible sustainability pioneer in the Kingdom, Savola Group is an advocate, an activist and an achiever of positive change for our people, our environment and the world around us.

Savola Group has the welfare of the community and the sustainability of the environment at the heart of its operations. Every element of our business not only meets but exceeds the strict criteria we set ourselves, in line with our promise to contribute to the welfare of the world in general and our unwavering commitment to Vision 2030 in particular.



Our CSR strategies and principals are ingrained in the way we operate and are based on honesty, equality and the desire to promote a healthier natural and corporate world.



Our corporate structure is built on the foundations of a sustainable business operating within the parameters of a sustainable environment, promoting a culture of progress for the people who work alongside us and the communities we serve.

Savola Group is driven in its daily operations to contribute to Vision 2030 and will continue to play a leading role in achieving its sustainable, social and economic goals. Our long-term vision is perfectly aligned with the principles of a green, prosperous and productive nation, committed to the welfare of its people and the success of their future.

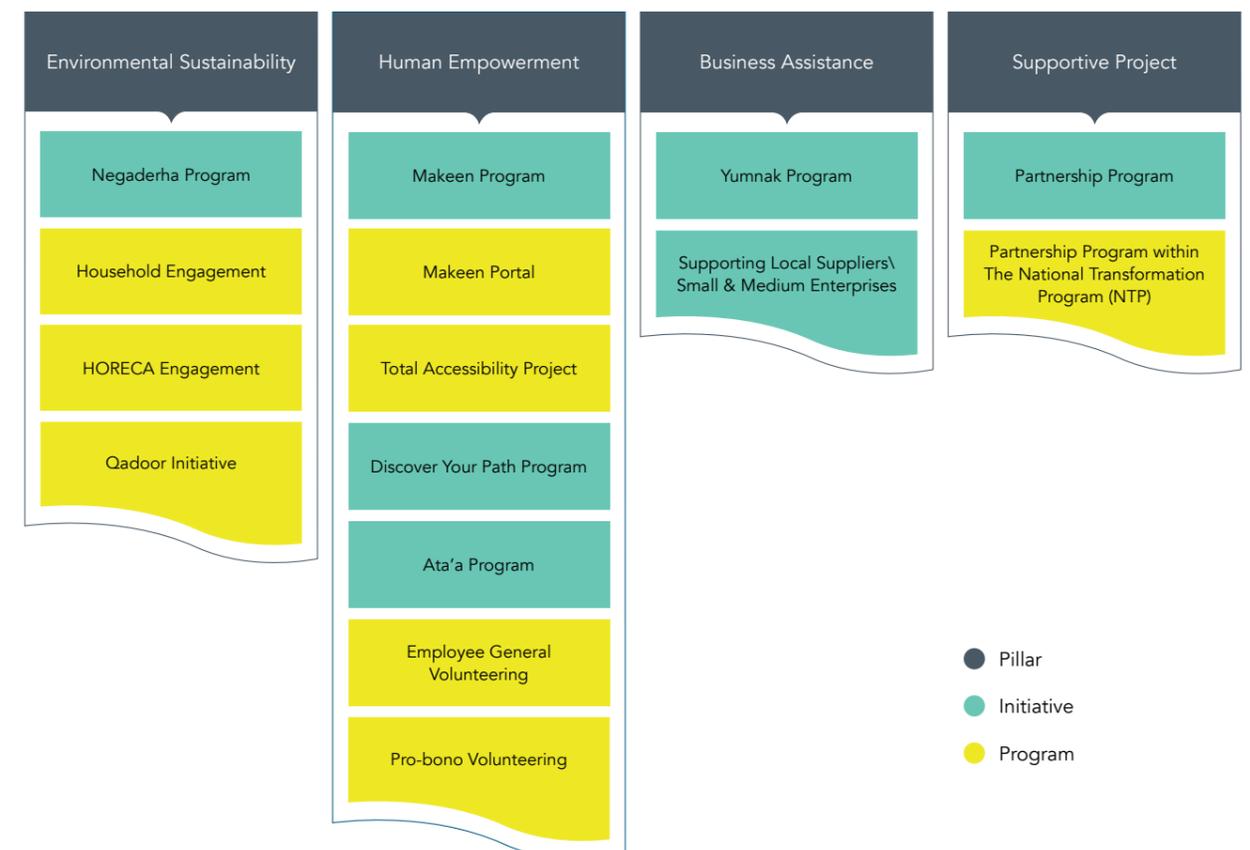
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culture of progress for the people who work alongside us and the communities we serve. Our CSR strategies and principals are ingrained in the way we operate and are based on honesty, equality and the desire to promote a healthier natural and corporate world.

This philosophy is embodied in Savola World Foundation, a non-profit organization which spearheads the Group's CSR priorities. Established and funded by the Group, Savola World Foundation is allocated an

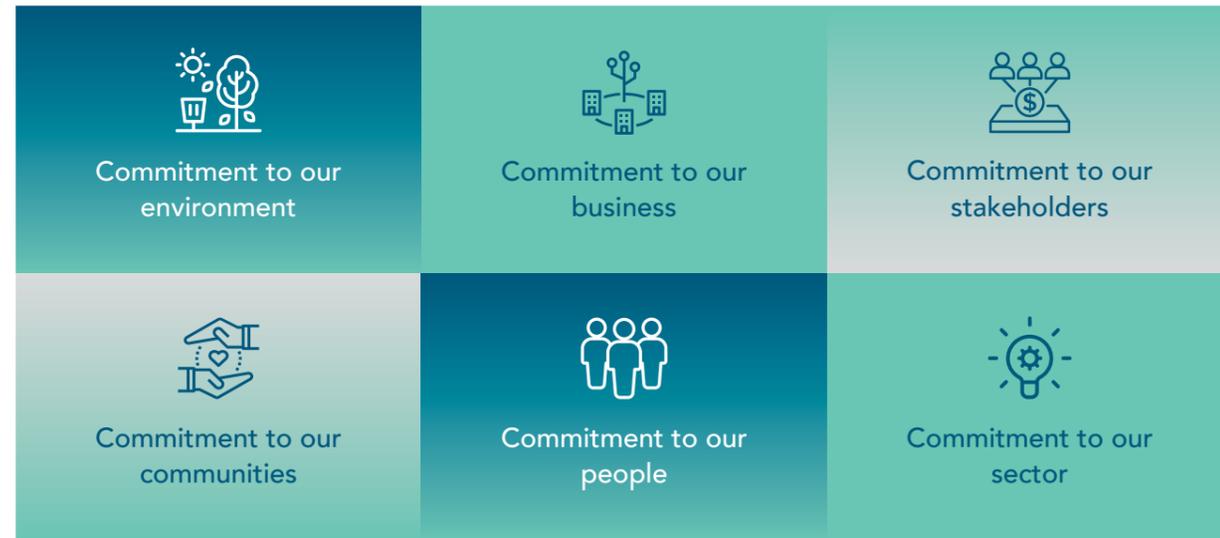
annual budget to support its programs and activities based on a resolution from the Savola Board of Directors.

Registered under the supervision of the National Center for the Non-Profit Sector (previously under the Ministry of Human Resources and Social Development from October 2019 until the end of December 2022), Savola World Foundation is a role model for business integrity in Saudi Arabia and a champion of social responsibility.



SUSTAINABILITY

CSR



The Foundation identifies the Group's sustainable development priorities through in-depth interviews with key stakeholders to develop the Operating Strategic Positioning Matrix. This highlights where the community's needs meet the Foundation's capabilities and positioning, in order to select and act on the areas of greatest concern.

CSR Committee of Savola Group
In 2022, Savola Group initiated the Corporate Social Responsibilities Committee to formulate and align the Group's CSR aims and activities to create competitive advantages through Savola World Foundation programs. The Chairman of the CSR Committee at Savola Group also acts as the Executive Director of Savola World Foundation and oversees and implements the Group's sustainability strategy.

As part of its social responsibility programs at a Kingdom-wide level, Savola World Foundation signed a Memorandum of Understanding with the National Transformation Program (NTP) to reduce food waste. This included helping to establish a sustainable method for collecting the relevant data from the retail sector.

Savola World Foundation also developed and executed joint communication awareness campaigns with the NTP and the General Food Security Authority (GFSA), previously known as the Saudi Grains Organization, to maximize awareness on the implications and impact of food waste and loss.



Makeen Program
The "Makeen" program focuses on the training and employment of persons with disabilities at Savola and in other companies.

Mowaamah Certificate – Golden Status
Following a rigorous assessment on commitment, human resources management, recruitment, knowledge, communication, premises and ICT, the Group, with the support of Savola World Foundation, achieved the Mowaamah Certificate – Golden Status. The "Mowaamah" program is a license granted by the Ministry of Human Resources and Social Development, for work environments which are distinguished and convenient for employees with disability.

Celebration of the International Day of Persons with Disabilities
In cooperation with the Savola Group companies (Head Quarters, Panda Retail Company, and Savola Food Company), Makeen Program held a celebration on the International Day of Persons with Disabilities, honoring all 273 employees with disabilities.



Negaderha Program
Negaderha is a food waste management and reduction program in Saudi Arabia. It was developed to address food wastage as a national issue. The program targets 2 main segments: Household and the HORECA sector (hotels, restaurants and cafes).

Based on the Saudi Loss and Waste Index, first edition of 2019, the total food waste and loss ratio is 33.1% in the Kingdom, equivalent to 4.066 million tons. The Kingdom of Saudi Arabia aims at reducing this by 10% by 2030.

In 2022, the Negaderha Program successfully released and promoted its first Qadoor cartoon season, the animation episodes aimed at 6–10-year-olds, of a young man whose mission is to save food wastage across the Kingdom.

During Ramadan, Negaderha launched a successful community awareness campaign on social media called 'Iftar without Waste'. Working in cooperation with the National Transformation Program, the Ministry of Environment, Water and Agriculture and the General Food Security Authority, it was the first time Negaderha had launched an initiative at a national level.

During Hajj season and Eid Al-Adha, Negaderha launched its "Appreciate Food to Last" community awareness campaign, focusing on food storage and leftovers, especially Hajj foods, typically meat and special sweets.

Discover Your Path
Discover Your Path enables high school students in the Kingdom to explore their professional preferences and therefore be able to select the most appropriate future career paths. It is an interactive educational program that includes an integrated educational journey presented through a specialized platform, targeting high school students and their parents. It aims to enable high school students in the Kingdom to choose the most appropriate academic and career path, by helping them to understand the local labor market and correcting misconceptions about some majors, and by realizing their skills and capabilities.



Ataa Program
The Savola Group encourages its employees to participate in various volunteer programs. The Savola World Foundation has designed volunteer programs that support this approach by the Group and has also contributed to activities that support the personal and professional growth of the Group's employees and aligned this volunteer program with the Kingdom's Vision 2030.

Year
2022

Total of Volunteer Hours
121

Number of Volunteers
26

Number of Beneficiaries
338



SUSTAINABILITY

CSR



Yumnak Program

As Saudi Arabia seeks to increase the contribution of SMEs to the Kingdom's Gross Domestic Product from 20% to 35% by 2030, Savola World Foundation is wholly aligned with the prospect of supporting entrepreneurship and privatization programs, while encouraging investment opportunities in new industries.

Savola World Foundation selected business assistance as one of the focus areas approved by the Foundation's Board of Trustees, with the objective of promoting economic growth and enabling SMEs to grow and prosper by achieving profitability and sustainability.

Yumnak, the Arabic for 'Your Right Hand' is Savola World Foundation's Business Assistance Program, aimed at supporting SMEs in the food and retail space on their journey to success. It is an intensive, practical and hands-on program, which provides the tools for companies to expand to the next level and come closer to reaching their potential.

Yumnak is unique in its focus on developing established companies and increasing their growth or attracting investments through the support, direction and guidance of administrative, strategic, planning, financial, marketing and technical experts.

Established in 2022, Yumnak developed an online communication strategy, visual communication materials and a dedicated page on the Savola World Foundation website, while working on technical design and launching the application form on a specialized website.

Following the Yumnak advertising campaign, 129 companies applied for the program, with 10 qualifying for the final stage. This included 2 weeks of lectures on topics such as marketing and optimizing distribution channels, financial and tax planning for SMEs, building a dynamic financial model, data rooms and alternate financing and valuations. These were supported by partnership and demonstration days.

Panda Retail Company

Panda's overarching sustainability philosophy is to partner with communities and enable better lives that will benefit both the community and ultimately the planet.

In 2022, Panda continued to spearhead its CSR 'Leave the Change for Them' initiative under the patronage of HRH Prince Sultan bin Salman Foundation for Disabled Children. The campaign leverages Panda's massive customer base by promoting a sense of belonging and in turn collecting proceeds to help the cause.



As part of its commitment to preserving the environment, Panda continues to explore sustainable solutions for its day-to-day operations.



During 2022, the company reactivated the Panda Caravan to encourage employee donations to charities which provide care for needy families across the Kingdom of Saudi Arabia.

Panda has launched its sustainability programs to align with Saudi Vision 2030, streamlining all initiatives on a department level and linking them with the Saudi Green Initiative. This includes offsetting emissions with the aim of achieving King Abdullah Economic City Certificates of Excellence in Environmental Sustainability, recycling initiatives during Saudi National Day and employee wellness events.

As part of its commitment to preserving the environment, Panda continues to explore sustainable solutions for its day-to-day operations. The company's energy-saving strategies significantly reduced its overall carbon footprint, embedding a green design philosophy and installing LED lights.

Focusing on sustainability and power management, Panda installed LED lights – approximately 80% more efficient than existing traditional fluorescent lighting – in 65 of its stores, saving an estimated SAR 2.28 million. In another energy initiative, timers were installed to switch off lights outside operational hours.

In order to regulate heat in terms of employee comfort and keeping goods in the optimum environment, Panda introduced smart thermostats in 98 stores, enabling remote monitoring and more efficient air conditioning systems. In addition, Panda installed new refrigeration systems with proactive monitoring, enabling action to be taken before equipment failure.

Minor upgrades related to energy saving options for refrigeration systems, such as more efficient insulation and lighting have had an enormous impact. Using cleaner, greener and cost-effective energy sources is a global goal and as a passionate supporter of the cause, several Panda stores have been directly connected to the grid, reducing their dependency on local in-house diesel generators. So far, 5 out of 16 stores have been linked, with the remainder to be linked later in the year.

Sustainability in 2023

In 2023, Savola World Foundation will continue developing its core programs and initiatives in its key focus areas, in line with the social priority issues of Vision 2030, and the Social Development Goals of the UN (SDGs).



Zero hunger



Good health and wellbeing



Quality education



Gender equality



Decent work and economic growth



Reduced inequalities



Responsible consumption and production



Climate action



Peace, just and strong institutions



Partnerships for the goals

Having consistently set new sustainability and CSR benchmarks over the years, we will continue to drive our ambitions for a cleaner and greener world with a healthier and happier population across the Kingdom.

Savola Group will deliver new strategies, new initiatives and new activities to engage the people we work with and the communities we live with to continue our ultimate goal of being an asset to society and an inspiration to others.

SAVOLA GROUP IS COMMITTED TO TRANSPARENCY AND DISCLOSURE PRINCIPLES AND THE ACTIVATION OF BOTH THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT ROLES AND SPECIFYING THEIR RESPONSIBILITIES AND AREAS OF ACCOUNTABILITIES. SAVOLA IS ALSO CONTINUOUSLY SECURING THE MECHANISMS THAT ENHANCE INTERNAL CONTROL AND RISK MANAGEMENT.

3 DIRECTORS' REPORT

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BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

Current positions: Chairman of the Board Abdulkadir Al Muhaidib & Sons Co., Rafal Real Estate Co., Al Muhaidib Holding Co., Board member of many companies among them are Almarai Co., Vision Invest and other companies.

Previous positions: Chairman of the Board, Middle East Paper Co. (MEPCO), Chairman of the Board Al Oula for Real Estate Development Co., Thabat Construction Co., Amwal Khaleej Commercial Investment Co.

Qualifications: Second Class, from the Faculty of Medicine - King Saud University, KSA.

Experience: Business, industrial and banking management, as well as investment management and real estate development and contracting. Sits on a number of other Boards and Committees.

Current positions: CEO of Assila Investments, Chairman of Savola Foods Company and Board Member of several companies.

Previous positions: Managing Director of Almarai, CFO of Assila Investments, CEO of Amias Holding, Investment Portfolio Manager at HSBC Saudi Arabia Limited, Financial and Marketing Analyst at SABIC Americas, and Financial Analyst at JP Morgan.

Qualifications: Master's degree in Business Administration - Rice University, USA.

Bachelor's degree in Economics - University of Virginia, USA.

Certified Financial Analyst (CFA).

Experience: Financial and administrative fields, portfolio management, studying and analyzing of listed companies. Sits on a number of other Boards and Committees of listed and private companies.

Current positions: VP - Industrial & Infrastructure Investments at Al Muhaidib Group.

Previous positions: General Manager at Dar Al Marefa, General Manager at Giant Store, CEO at Giant Store.

Qualifications: Bachelor and Master Specialization in Industrial Engineering, Texas University, USA.

Experience: Experience in managing several companies in the retail, food & contracting field. He also sits on several other Boards.

Current positions: Hassana Investment Company – Head of Local Public Equity.

Previous positions: HSBC Saudi Arabia – Equity Research Analyst, Hassana Investment Company – Portfolio Manager, Public Investment Fund – Portfolio Manager.

Qualifications: Bachelor degree in Finance, King Fahad University of Petroleum & Minerals - KSA.

Experience: Equity portfolio management and business analysis in addition to board memberships in listed and non-listed firms.

Current positions: Founder and Director of London Realty Limited, Executive Director and Board Member at Alfadl Group, Board Member and President and CEO of Sahara Building Contractors, Board Member and Investment Committee Member at Alfadl Investments, and Board Member and Investment Committee Member at Alfadl Real Estate.

Previous positions: Running his Group of Companies.

Qualifications: Bachelor's degree in Finance and Economics - Babson College, USA.

Experience: Several managerial and leadership positions and Board memberships in Al Fadl Group of Companies. Sits on a number of other Boards and Committees.

Current positions: CFO of Assila Investments, and BlackRock Saudi Arabia.

Previous positions: Head of Balance Sheet Management and Investment at Saudi British Bank (SABB), and Member of the Board of Directors of Sukoon Real Estate Company, Al Aqeeq Real Estate Company and Kinan International Real Estate Development.

Qualifications: Bachelor's degree in Commerce, Finance - Sauder School of Business, University of British Columbia, Canada.

Experience: Financial management, investments, and financial markets.

Mr. Sulaiman Abdulkadir Al Muhaidib
Board Chairman
Non-Executive Member



Mr. Bader Abdullah Alissa
Board Vice-Chairman
Non-Executive Member



Mr. Isam Majid Al Muhaidib
Non-Executive Board Member



Mr. Ahmad Abdulrahman Al Humaidan
Non-Executive Board Member



Mr. Rakan Abdulaziz Al Fadl
Independent Board Member



Mr. Mohammed Ibrahim Alissa
Independent Board Member



Eng. Mutaz Qusai AlAzzawi
Non-Executive Board Member



Mr. Fahad Abdullah Al Kassim
Non-Executive Board Member



Mr. Ahmed Waza Al Qahtani
Non-Executive Board Member



Mr. Waled Abdullah Ghreri
Independent Board Member



Mr. Bader Hamad Al Rabiah
Independent Board Member



Current positions: Managing Director of his Group of Companies, Chairman of Herfy Co., Vice Chairman of Riyadh Bank, Chairman of Qatrana Cement, and Board of Director member of: Mobily, Arabian Cement Co., SICEP Co., ST&T Co. and Wusataa Co.

Previous positions: Running his Group of Companies, and Director at Merrill Lynch, KSA.

Qualifications: Bachelor's degree in Computer Engineering - King Saud University, KSA.

Experience: Investment, trade, financial markets, construction management, banking, and M&A. Sits on a number of other Boards and Committees.

Current positions: Businessman - Managing Partner of Fahad AlKassim CPA, Executive Board member – AlRajhi united investment holding.

Previous positions: CEO of Amwal Financial Consultants, General Manager of Othaim Trading Group, Managing Partner at KPMG International, and Executive Director at Dallah Hospital.

Qualifications: Bachelor of Science degree in Management (Accounting major) - King Saud University, KSA.

Management and Leadership Program - Oxford University, UK.

Experience: Financial, administrative, and auditing consultancy, executive management in a health institution, and retail and wholesale, and sits on other Boards and Committees.

Current positions: Hassana Investment Company – Chief Investment Officer, Regional Markets.

Previous positions: NCB Capital – Equity Research Analyst, HSBC Saudi Arabia – Senior Portfolio Manager.

Qualifications: Bachelor's in Finance, King Fahad University of Petroleum & Minerals-KSA.

Experience: Public Financial Markets, Private Equity, Real Estate and Infrastructure; Strategy Development; Financial and Organizational restructuring.

Current positions: Board member (National Energy Services Company), Executive committee member (National Energy Services Company), CEO (National Energy Services Company), Advisory committee member (SABIC-Home of Innovation).

Previous positions: Deputy Director for Energy Services Company sector development (Saudi Energy Efficiency Program), Head of Public Equities (Saudi Aramco), Senior Financial Analyst (Saudi Aramco).

Qualifications: MBA (ESADE Business School) Spain, Bachelor of Finance (Virginia Tech) USA.

Experience: Business management, Development of strategic plans, Financial Analysis, Organizational Change management, Operational Excellence, in addition to membership in several committees.

Current positions: Vice Chairman of Board and CEO of Noor Al-Salhiya Real Estate, Board and Audit Committee Member of Mezzan Bank, Member of the Board and Audit Committee and Chairman of the Risk Management Committee of Noor Financial Investment, Chairman of Board of Al-Durra National Real Estate Co. , and Member of the Board at Palms Agro Production Company, MIDCHEM in KSA, International Hotels Group in Jordan, and Ikarus Real Estate in the UAE.

Previous positions: Supervisor of Real Estate Financing at Kuwait Finance House, and Head of Real Estate Investment at Noor Financial Investment Company.

Qualifications: Bachelor's degree in Accounting - Kuwait University also served as a member of the General Assembly of Kuwait Association of Accountants & Auditors and Kuwait Economic Society.

Experience: Business management, financial auditing, risk management and real estate investment.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

Current positions: Savola Group CEO.

Previous positions: CEO of Saudi Fransi Capital, and he worked as the Group Treasurer of Abdul Lateef Jamil and Capital Markets & Investment Advisor. He was also the General Manager of Deutsche Bank KSA. Additionally, he started his career with Banque Saudi Fransi in 1994, where he was the Head of Group Treasury and was a member of several executive committees in charge of development and follow-up the implementation of the Group's treasury strategy.

Qualifications: Bachelor's Degree of Science in Accounting from California State University.

Experience: He has over 28 years of banking, financial and investments experience, and his career has given him wide experience across a variety of business sectors and the financial services sector.

Current positions: CEO of Savola Foods Company.

Previous positions: Chief Portfolio Officer of Al-Faisaliah Group, CEO of Saudi Tadawi Healthcare, COO of Basamh Trading and Industries Group, and Board Member of number of other companies.

Qualifications: Bachelor's degree in Economics - American University, Egypt.

Experience: Leadership, planning and management of foods and industrial multinational companies and other diverse sectors.

Current positions: CEO of Panda Retail Company.

Previous positions: CEO of Al Nahdi Medical Company, and General Supervisor of Public Affairs at the Ministry of Health.

Qualifications: Bachelor's degree in Pharmaceutical Science - King Saud University, KSA.

Experience: Over 30 years of experience in retail, pharmaceutical and food industries in both private and public sectors. Serves as a Board Member for several companies.

Current positions: Chief Human Resources and Corporate Services Officer.

Previous positions: Head of Human Resources and Head of Talent Acquisition for Savola Group, and various positions in local and multinational companies, including Emaar Economic City, NCB and Cristal Global.

Qualifications: Certified Professional in Human Resources – International (PHRI) from the HR Certification Institute.

Master's degree in Business Information Technology from DePaul University in Chicago, USA.

Bachelor's degree in Management Information System from UBT.

Experience: Over 15 years of experience in the field of HR management, mainly covering HR business partnerships, staffing and recruitment, organization development, performance management, training and development, Saudization programs, and HR policies and procedures. Also, a member of Herfy's and Al Kabeer Group's Remuneration and Nomination Committee.

Current positions: Chief Corporate Governance, Compliance, Legal Affairs Officer, and Board Secretary.

Previous positions: Various senior positions in Savola Group including Executive Director of Corporate Governance, Compliance and Legal Affairs of the Group, Director of Corporate Governance and Board Affairs for Savola and its subsidiaries including the Food and Retail sectors, and Senior Manager of Corporates, Board Affairs and Corporate Communications.

Qualifications: Master's degree in Law (LLM) - University of Cumbria, UK.

Bachelor's degree and a Master's degree in Business Administration - Sudan University of Science and Technology (SUST), Sudan.

Certificates in Corporate Governance, Compliance, Board and Committees Secretary from reputable regional institutions.

Experience: Over 20 years of experience in corporate governance, compliance, legal affairs, Board of Directors' affairs, investors' relations and shareholders' matters and corporate communications. Significant experience in providing corporate governance and legal consultations in CMA laws and regulations, companies' law, managing shareholders' meetings, preparing reports and legal memorandums, reviewing contracts and agreements to define and mitigate risks as well as following up cases before judicial bodies through litigation, arbitration, or amicable settlements.

Mr. Waleed Khalid Fatani



Mr. Sameh M. Hassan



Dr. Bander T. Hamooh



Mr. Morhaf M. Alsamman



Mr. Elnour Ali Saad



Mr. Wajid Usman Khan



Mr. Mohammad Nasr



Internal Control, Audit, and Risk Team:

Mr. Aly Assem Barakat



Mr. Yasser Hassan Dahlawi



Current positions: Chief Financial Officer.

Previous positions: CFO and Head of IT of Savola Foods Company, various other senior positions in Savola Group including Executive Director Group Finance and Treasury, Executive Director Corporate Finance, Finance Director and Assistant General Manager Finance, Assurance, and Business Advisory at PricewaterhouseCoopers (PwC) in Saudi Arabia and Pakistan.

Qualifications: Master's degree in Commerce - HEC, Pakistan.

Professional qualifications in Chartered Accountancy.

Fellow Member of Institute of Chartered Accountants of Pakistan.

Associate Member of Institute of Chartered Accountants of England and Wales, UK.

Experience: Over 20 years of experience in financial management, corporate finance, strategy and digital transformation with Savola Group and its subsidiaries.

Member of Audit Committee in Al Kabeer Group and Kinan International for Real Estate Development.

Current positions: Chief Investment Officer.

Previous positions: Various leadership positions in investment strategy and transactions across MENA, Europe and Asia in private equity, mergers and acquisitions, and consulting with leading global and regional companies such as Credit Suisse, Gulf Capital and Al Mal Capital (an investments subsidiary of Dubai Investments PJSC).

Qualifications: Master's degree in Business Administration - London Business School, UK.

Bachelor's degree in Industrial and Manufacturing Systems Engineering - Lehigh University, USA.

Experience: Experience in investment and operational strategy leadership, deal origination, restructuring, M&A, managing investment portfolios and exit plans across several sectors.

Current positions: Chief Audit Officer.

Previous positions: Senior Manager at Abu Dhabi Accountability Authority, Manager at KPMG, and Manager at Ernst & Young (EY).

Qualifications: Bachelor's degree in Commerce (Accounting major) - University of Helwan, Egypt

Licensed Certified Public Accountant, USA. Member of American Institute of Certified Public Accountants & Chartered Global Management Accountant Association.

Experience: Over 25 years' experience in the financial sector field, internal controls, internal and external assurance, governance, enterprise risk management and compliance.

Current positions: Executive Director, Risk Management.

Previous positions: Head of Regulatory Compliance, Enterprise Risk Management at The National Commercial Bank (NCB), and Senior Advisor at KPMG, Saudi Arabia.

Qualifications: Master of Science degree in Engineering and Technology Management - Portland State University, USA.

Bachelor of Science degree in Industrial Engineering - King Fahad University of Petroleum and Minerals (KFUPM), KSA.

Experience: Over 10 years of experience in risk management, mainly covering enterprise risk management, risk reporting, Basel II/III, capital planning and allocation, and risk policies procedures.

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

1) The Group's Main Activities

The Group has a broad portfolio of activities. In the foods sector, this is mainly the production, marketing and distribution of edible oils, vegetable ghee, sugar, pasta, baked goods, specialty fats, seafood, frozen food and manufacturer and distributor of branded healthy snacks, spices and pulses). The retail sector operates a chain of retail outlets. Savola also has significant investments in leading Saudi non-listed and listed companies such as Almarai Co. and Herfy Food Services Co. which operate in the food and retail sectors, and real estate development companies such as King Abdullah Economic City (Emaar), and Kinan International for Real Estate Development Co., as well as holdings in private equity funds.

Savola 's subsidiaries, sister companies, investments, activities and country of incorporation are:

No.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
1) Direct subsidiaries of the Company:							
a) Operating subsidiaries:							
1.	Savola Foods Co.	Kingdom of Saudi Arabia (KSA)	Foods	Holding Company that manages investment in foods sector in KSA and overseas	100%	SAR 2,200,000,000	220,000,000
2.	Panda Retail Co. (Panda)	KSA	Retail	KSA and Egypt	98.87%	SAR 400,000,000	40,000,000
3.	Good Food Co. (GFC)	KSA	Holding Company	KSA and some GCC countries	100%	SAR 10,000,000	1,000,000
4.	Al Matoun International for Real Estate Investment Holding Co.	KSA	Real Estate	KSA	80%	SAR 100,000,000	100,000
5.	Herfy Food Services Co.	KSA	Restaurants and Manufacturing Bakery Products	KSA, Bangladesh, Nigeria and some GCC countries	49%	SAR 646,800,000	64,680,000
b) Holding and Dormant subsidiaries:							
6.	Adeem Arabia Company	KSA	Holding Company	KSA	100%	SAR 7,200,000	72,000
7.	Al Utur Arabian Co. for Commercial Investment	KSA	Holding Company	KSA	100%	SAR 1,000,000	10,000
8.	Al Matana Holding Co.	KSA	Holding Company	KSA	100%	SAR 50,000	5,000
9.	Madarek Investment Co.	Jordan	Holding Company	Jordan	100%	JOD 1,000,000	1,000,000
10.	United Properties Development Co.	KSA	Dormant Company	KSA	100%	SAR 4,000,000	400
2) Al Matana Holding Company:							
a. Subsidiaries controlled through Al Matana Holding Company:							
(% referred to Al Matana Holding Company direct and indirect ownership – Al Matana Holding Company is 100% owned by Savola Group)							

No.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
11.	SGC Ventures Limited	Cayman Islands	Holding Company	Offshore Company	100%	USD 50,000	50,000
12.	SGC Marketplace Venture	Cayman Islands	Holding Company	Offshore Company	100%	USD 50,000	50,000
13.	SGC Agritech Ventures	Cayman Islands	Holding Company	Offshore Company	100%	USD 50,000	50,000

3) Savola Foods Company (SFC):

a. Subsidiaries controlled through SFC:

(% referred to SFC's direct and indirect ownership – SFC is 100% owned by Savola Group)

14.	Afia International Co. (AIC)	KSA	Manufacturing of Edible Oils	KSA, Egypt, Iran, Turkey, Jordan	95.19%	SAR 500,000,000	50,000,000
15.	Savola Industrial Investment Co. (SIIC)	KSA	Holding Company	KSA	100%	SAR 205,907,000	205,907
16.	El Maleka for Food Industries Co.	Egypt	Manufacturing of Pasta	Egypt	100%	EGP 288,898,960	28,889,896
17.	Savola Foods Emerging Markets Co. (SFEM)	British Virgin Islands (BVI)	Holding Company	Offshore Company	95.43%	SAR 130,000,000	13,000,000
18.	Savola Foods for Sugar Co.	Cayman Islands	Dormant Company	Offshore Company	95% (100% with Savola Group direct ownership)	USD 50,000	5,000
19.	SFCI	United Arab Emirates (UAE)	Holding Company	UAE	100%	AED 500,000	500
20.	International Foods Industries Co.	KSA	Manufacturing of Specialty Fats	KSA	100%	SAR 107,000,000	10,700,000
21.	Seafood International Two FZCO	UAE	Seafood Products Trading & Distribution	UAE	100%	AED 100,000	10
22.	Afia Foods Arabia Co.	KSA	Holding Company	KSA	100%	SAR 1,000,000	1,000
23.	Seafood International Holding Co.	Cayman Islands	Holding Company	Offshore Company	100%	USD 10,000	10,000
24.	Al Maoun International Holding Co. (Al Maoun)	KSA	Holding Company	KSA	100%	SAR 1,000,000	1,000
25.	Marasina International Real Estate Investment Co. (Marasina)	KSA	Holding Company	KSA	100%	SAR 200,000	200
26.	Commodities Sourcing Company for Trading	KSA	Trading Company	KSA	100%	SAR 5,000,000	500,000
27.	Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding Company	UAE	100%	USD 10,000	1,000

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

No.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
b. Subsidiaries controlled through AIC: (% referred to AIC's direct and indirect ownership; AIC is 95.19% owned by SFC)							
28.	Savola Behshahr Co. (SBeC)	Iran	Holding Company	Iran	90%	IRR 740,000,000,000	740,000,000
29.	Malintra Holdings Ltd.	Luxembourg	Dormant Company	Offshore Company	100%	EUR 1,250,000	1,250
30.	Savola Foods Ltd. (SFL)	BVI	Holding Company	Offshore Company	100%	USD 52,000	52,000
31.	Afia International Co. – Jordan	Jordan	Dormant Company (under Liquidation)	Jordan and Levant	98.57%	JOD 8,000,000	8,000,000
32.	Inveszk Inc.	BVI	Dormant Company	Offshore Company	90%	USD 138,847	138,847
33.	Afia Trading International	BVI	Dormant Company	Offshore Company	100%	USD 500,000	500,000
34.	Savola Foods International	BVI	Dormant Company	Offshore Company	100%	USD 50,000	50,000
35.	KUGU Gıda Yatım ve Ticaret A.Ş (KUGU)	Turkey	Holding Company	Turkey	100%	TRL 26,301,280	2,630,128
36.	Aseel Food – Holding Co.	Cayman Islands	Holding Company	Offshore Company	100%	USD 50,000	50,000
c. Subsidiaries controlled through SBeC: (% referred to SBeC's ownership; SBeC is 90% owned by AIC)							
37.	Behshahr Industrial Co.	Iran	Manufacturing of Edible Oils	Iran	79.9%	IRR 29,500,000,000,000	29,500,000,000
38.	Tolue Pakshe Aftab Co.	Iran	Trading and Distribution	Iran	100%	IRR 100,000,000,000	100,000,000
39.	Savola Behshahr Sugar Co.	Iran	Trading and Distribution	Iran	100%	IRR 100,000,000	100,000
40.	Notrika Golden Wheat Co.	Iran	Manufacturing of Food and Confectionery	Iran	90%	IRR 200,000,000,000	200,000,000
d. Subsidiaries Controlled through Behshahr Industrial Co: (% referred to Behshahr Industrial Co: Behshahr Industrial Co is 79.9% owned by SBeC)							
41.	Mahsoolat Diryaee Tam Afarin Saba Co. (Sahel)	Iran	Seafood Products Trading & Distribution	Iran	100%	IRR 50,000,000,000	50,000,000
e. Subsidiaries controlled through SFL: (% referred to SFL's ownership; SFL is 100% owned by AIC)							
42.	Afia International Co. Egypt	Egypt	Manufacturing of Edible Oils	Egypt	99.95%	EGP 154,651,500	30,930,300
f. Subsidiaries controlled through Afia International Co. Egypt: (% referred to Afia International Co. Egypt ownership; Afia International Co. Egypt is 99.95% owned by SFL)							
43.	Savola For Export and Import	Egypt	Trading and distribution	Egypt	49%	EGP 5,000,000	10,000
g. Subsidiaries controlled through KUGU: (% referred to KUGU's direct and indirect ownership; KUGU is 100% owned by AIC)							

No.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
44.	Savola Gıda Sanayi ve Ticaret Anonim Şirketi	Turkey	Manufacturing of Edible Oils	Turkey	100%	TRL 4,433,569	443,356,900
h. Subsidiaries controlled through SIIC: (% referred to SIIC's ownership; SIIC is 100% owned by SFC)							
45.	United Sugar Co. (USC)	KSA	Manufacturing of Sugar	KSA	74.48%	SAR 395,000,000	39,500,000
i. Subsidiaries controlled through USC: (% referred to USC's direct and indirect ownership; USC is 74.48% owned by SIIC)							
46.	Alexandria Sugar Co. – Egypt (ASCE)	Egypt	Manufacturing of Sugar	Egypt	62.13% (69.66% including SFC %)	EGP 1,358,388,000	1,358,388
47.	Beet Sugar Industries	Cayman Islands	Dormant Company	Offshore Company	100%	USD 1,000	1,000
j. Subsidiaries controlled through ASCE: (% referred to ASCE ownership; ASCE is 69.66% owned by SFC directly and indirectly)							
48.	Alexandria United Co. for Land Reclamation	Egypt	Agro Cultivation	Egypt	100%	USD 22,500,000	225,000
k. Subsidiaries controlled through SFEM: (% referred to SFEM's direct and indirect ownership; SFEM is 95.4% owned by SFC)							
49.	Savola Morocco Co.	Morocco	Manufacturing of Edible Oils	Morocco	100%	MAD 46,000,000	460,000
50.	Savola Edible Oils (Sudan) Co.	Sudan	Manufacturing of Edible Oils	Sudan	100%	SDG 45,800,000	45,800,000
51.	Afia International Co. – Algeria	Algeria	Manufacturing of Edible Oils	Algeria	100%	DZD 3,028,071,000	3,028,071
l. Subsidiaries controlled through SFCI: (% referred to SFCI's ownership; SFCI is 100% owned by SFC)							
52.	Modern Behtaam Royan Kaveh Co.	Iran	Food and Confectionery	Iran	100%	IRR 50,000,000,000	50,000,000
53.	Middle East Technology Venture Ltd.	Cayman Islands	Holding Company	Offshore Company	100%	USD 50,000	50,000
m. Subsidiaries controlled through Al Maoun and Marasina: (% referred to Al Maoun and Marasina's ownership; both companies are 100% owned by SFC)							
54.	Alofog Trading DMCC	UAE	Trading and Distribution	UAE	100%	AED 2,000	50
n. Subsidiaries controlled through SIFCO: (% referred to SIFCO's ownership; SIFCO is 100% owned by SFC)							
55.	Bayara Holding Limited	Cayman Islands	Holding Company	Offshore Company	100%	USD 137,500	13,750,000
56.	Bayara FZE	UAE	Holding Company	UAE	100%	AED 5,000,000	5
57.	Savola Snacks	Egypt	Manufacturing of Snacks	Egypt	100%	EGP 50,000,000	50,000

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

No.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
o. Subsidiaries controlled through Bayara Holding Limited: (% referred to Bayara Holding Limited ownership; Bayara Holding Limited is 100% owned by SIFCO)							
58.	Kandoo Worldwide Limited	BVI	Managing Trademark	Offshore Company	100%	USD 50,000	50,000
59.	Kamali Investment Limited	UAE	Holding Company	UAE	100%	AED 10,000	10,000
p. Subsidiaries controlled through Bayara FZE: (% referred to Bayara FZE ownership; Bayara FZE is 100% owned by SIFCO)							
60.	GYMA Food Industries	UAE	Processing spices, nuts, and pulses	UAE	100%	AED 300,000	300
61.	Bayara Saudi Arabia Limited Group	KSA	Processing spices, nuts, and pulses	KSA	100%	SAR 3,000,000	3,000
62.	Profood Holdings Limited	UAE	Holding Company (Under Liquidation)	UAE	100%	AED 10,000	100
q. Subsidiaries controlled through Seafood International Two FZCO: (% referred to Seafood International Two FZCO ownership; Seafood International Two FZCO is 100% owned by SFC)							
63.	Seafood International One FZCO	UAE	Seafood Products Trading & Distribution	UAE	80% (100% with SFC ownership)	AED 100,000	100
4) Panda Retail Co. (Panda):							
a. Subsidiaries controlled through Panda: (% referred to Panda's direct and indirect ownership; Panda is 98.87% owned by Savola)							
64.	Giant Stores Trading Ltd.	KSA	Retail	KSA	100%	SAR 50,000,000	5,000
65.	Panda for Operations, Maintenance & Contracting Services Co.	KSA	Services and Maintenance	KSA	100%	SAR 500,000	500
66.	Panda International for Retail Trading	Egypt	Retail	Egypt	100%	EGP 500,000,000	50,000,000
67.	Panda Bakeries Co.	KSA	Dormant Company	KSA	100%	SAR 500,000	500
68.	Atabet Al Bab Communications and Information Technology LLC	KSA	E-commerce	KSA	100%	SAR 200,000	200,000
b. Subsidiaries controlled through Giant Stores Trading Co.: (% referred to Giant Stores Trading Co. Ownership; Giant Stores Trading Co. is 100% owned by Panda)							
69.	Lebanese Sweets and Bakeries Ltd.	KSA	Dormant Company	KSA	95% (99% including Savola direct %)	SAR 5,000,000	5,000
5) Al Kabeer Group Companies:							
a. Subsidiaries controlled through GFC: (% referred to GFC's direct and indirect ownership; GFC is 100% owned by Savola Group)							
70.	Variety Foods Factory Co.	KSA	Frozen Food Manufacturing	KSA	51%	SAR 5,000,000	5,000
71.	Al Helal for Import & Export Co.	Bahrain	Trading and Distribution	Bahrain	51%	BHD 20,000	200

No.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
72.	Al Kabeer Holding Co.	UAE	Holding Company	UAE	51%	USD 100	100
73.	Best Foodstuff Trading Co.	UAE	Trading and Distribution	UAE	51%	AED 3,000,000	3,000
74.	Sahar Enterprises Co.	UAE	Trading and Distribution	UAE	51%	AED 181,500,000	181,500
75.	Sahar Food Industries Co.	UAE	Frozen Food Manufacturing	UAE	51%	AED 300,000	300
76.	Al Ahsan Trading Co.	KSA	Trading and Distribution	KSA	51%	SAR 27,000,000	27,000
b. Subsidiaries controlled through Al Kabeer Holding Co.: (% referred to Al Kabeer Holding direct and indirect ownership; Al Kabeer Holding is 51% owned by GFC)							
77.	Al Sabah Foodstuff Enterprises Co.	UAE	Trading and Distribution	UAE	100%	AED 500,000	500
78.	Cascade Marine Foods Co.	UAE	Frozen Food Manufacturing	UAE	100%	AED 750,000	100
79.	Cascade Investments Limited	UAE	Investment Company	UAE	100%	USD 125,000	1,250
80.	Best Foods Co.	Oman	Food Distribution	Oman	100%	OMR 150,000	150,000
6) Investees: (investments in sister companies)							
81.	Almarai Co.	KSA	Fresh Food Products	KSA	34.52%	SAR 10,000,000,000	1,000,000,000
82.	Kinan International for Real Estate Development Co.	KSA	Real Estate Development	KSA	29.99%	SAR 1,200,000,000	120,000,000
83.	United Sugar Co. Egypt	Egypt	Manufacturing of Sugar	Egypt	33.82% (Savola effective ownership)	USD 138,851,128	17,733,222
84.	Intaj Capital Ltd.	Republic of Tunisia (Tunisia)	Fund Management	Tunisia	49%	USD 207,200,000	260,000
85.	United Edible Oils Holding Ltd.	Cayman Islands	Holding Company	Offshore Company	51%	USD 50,000	36,351,431
7) Investments available for sale:							
Listed:							
86.	Emaar the economic city	KSA	Real Estate	KSA	0.87%	SAR 8,500,000,000	850,000,000
87.	Arab Phoenix Holdings Co.	Jordan	Real Estate Development	Jordan	5%	JOD 86,840,292	86,840,292
Unlisted:							
88.	Joussor Holding Co.	KSA	Investment Funds (under Liquidation)	KSA	14.81%	SAR 600,000,000	60,000,000
89.	Swicorp Co.	KSA	Investment Management	KSA	15%	SAR 500,000,000	50,000,000

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

2) Performance of the Group

2-1) Summary of the Company's assets and liabilities and financial results for the last 5 years

a) Comparison of the Company's financial results (SAR million):

Revenues (SAR million)		Net Profit (SAR million)	
2018	21,815	2018	-520
2019	21,406	2019	476
2020	21,702	2020	911
2021	24,669	2021	222
2022	28,055	2022	743

Item (SAR '000s)	2022	2021	2020	2019	2018
Revenues	28,054,703	24,669,163	21,701,941	21,406,424	21,814,563
Cost of Revenues	(23,180,622)	(20,190,449)	(17,061,558)	(16,902,120)	(17,916,606)
Gross Profit	4,874,081	4,478,714	4,640,383	4,504,304	3,897,957
Net Profit (loss)	742,752	221,879	910,802	475,630	(520,380)

b) Comparison of the Company's assets and liabilities (SAR million):

Assets (SAR million)		Liabilities (SAR million)	
2018	22,252	2018	14,231
2019	26,658	2019	18,119
2020	27,058	2020	17,894
2021	28,546	2021	19,454
2022	29,565	2022	20,248

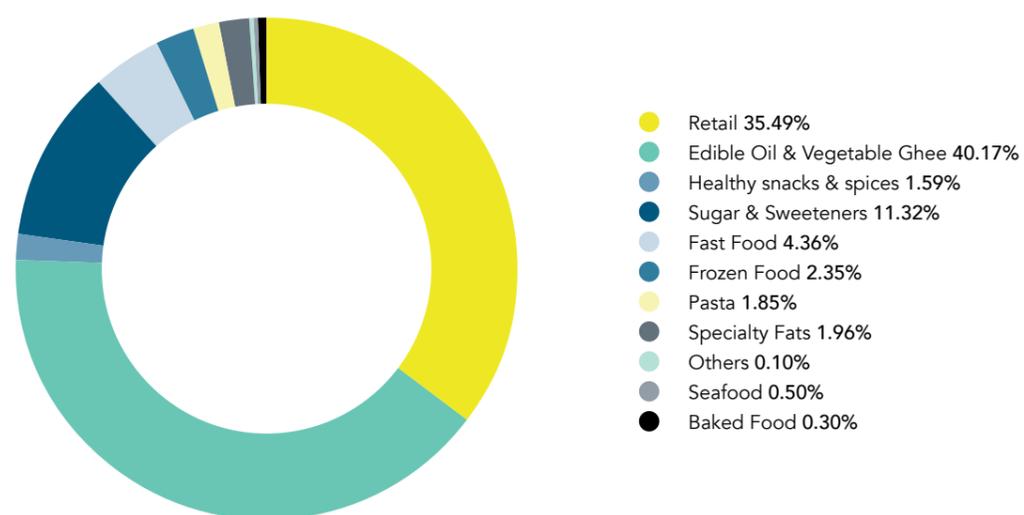
Item (SAR '000s)	2022	2021	2020	2019	2018
Current assets	9,453,964	7,941,295	6,464,347	5,969,924	5,906,124
Non-current assets	20,110,684	20,604,624	20,594,037	20,687,787	16,346,327
Total assets	29,564,648	28,545,919	27,058,384	26,657,711	22,252,451
Current liabilities	11,644,462	9,458,120	8,183,856	8,863,915	8,426,642
Non-current liabilities	8,603,493	9,995,986	9,709,974	9,254,726	5,803,868
Total liabilities	20,247,955	19,454,106	17,893,830	18,118,641	14,230,510

2-2) Geographical analysis of the Company's and its subsidiary revenues

Below is the Group's consolidated revenue for 2022 compared to the previous year business-wise (edible oils and vegetable ghee, sugar and sweeteners, pasta, seafood, frozen food, retail sector, fast food, specialty fats and healthy snacks (raw & roasted nuts, dates, seeds, dried fruits, and confectionery) and cooking ingredients (herbs, spices and pulses), including geographical analysis based on availability of brands and products in countries:

Business line/country	Brands	2022 (SAR '000s)	2021 (SAR '000s)
Edible oil and vegetable ghee			
KSA, GCC and Yemen	Afia, Al Arabi, Olite, Shams, Sun Glow, Dalal, Nakeel	3,331,255	2,566,534
Egypt, Levant	Rawabi, Afia, Ganna, Slite, Helwa	2,732,047	1,870,079
Central Asia	Ladan, Aftab, Bahar, Afia	2,383,766	1,105,972
Sudan	Al Tayeb, Sabah, Shams	778,720	1,168,331
Morocco	Afia, Hala	625,445	572,101
Turkey	Yudum, Sirma, Afia	961,650	774,058
Algeria	Afia, Oleor	633,644	510,122
Total edible oil and vegetable ghee revenues		11,446,527	8,567,197
Sugar and sweeteners			
KSA, GCC and Yemen	Al Osra, Ziadah, Safaa, Nehar, Halla, Sweeva	2,756,691	2,453,817
Egypt	Al Osra	469,506	472,272
Total sugar and sweeteners revenues		3,226,197	2,926,089
Foods			
Total pasta products – Egypt	El Maleka, Macaronto, Italiano	528,042	587,579
Total seafood products – GCC and Egypt	John West, Leeza	143,277	49,583
Total baked food products – Central Asia	Pech-Pech	84,886	46,501
Total specialty fats and margarine – KSA and Turkey	Culina, Margarina, Vala, Sava	557,896	373,306
Healthy snacks & Spices	Bayara, Afia	453,978	79,867
Total foods revenues		16,440,803	12,630,122
Retail			
KSA	Hyper Panda, Panda Supermarket	9,956,831	10,335,848
Egypt	Panda Supermarket	157,179	140,276
Total retail revenues		10,114,010	10,476,124
Fast food			
Fast food and restaurants	Herfy, Doka	1,243,838	1,313,856
Total fast food and restaurants		1,243,838	1,313,856
Frozen food products			
KSA and GCC	Al Kabeer, Tayebat Al Emarat, Tabarruk	670,009	642,944
Total frozen food products		670,009	642,944
Others			
Real estate – KSA		27,335	27,545
Total other activities revenues		27,335	27,545
Gross revenues		28,495,995	25,090,591
Consolidated intercompany elimination		(441,292)	(421,428)
Total revenues		28,054,703	24,669,163

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS



2-3) Statement of any material differences in the operational results compared to the preceding year's results

Income statement	2022 (SAR '000s)	2021 (SAR '000s)	Variance (+) or (-) (SAR '000s)	Variance %
Revenues	28,054,703	24,669,163	3,385,540	13.7%
Cost of revenues	(23,180,622)	(20,190,449)	(2,990,173)	14.8%
Gross profit	4,874,081	4,478,714	395,367	8.8%
Operational revenues – Other	660,581	557,066	103,515	18.6%
Operational expenses – Other	(3,833,076)	(4,019,485)	186,409	-4.6%
Operational profit	1,701,586	1,016,295	685,291	67.4%

Declaration: The Company did not announce any financial expectations during 2022.

The reasons for the change in net profit for 2022 compared to last year:

The Group recorded net profit for the year ended 31 December 2022 amounting to SAR 743 million versus net profit of SAR 222 million for last year. The increase in net profit is mainly attributed to the increase in gross profit primarily due to improved gross profit in the Food Processing segment; and the higher share of profits from associates; in addition to the Capital gain amounting to SAR 42 million on the sale of an equity-accounted investment. The increase in net profit is despite the higher operating expenses; net finance cost; and zakat and income tax expense.

2-4) Details of long and short-term loans and payment status

Savola has a long-standing policy to adopt Shariah-compliant financial transactions whenever possible. Accordingly, all Group loans and deposits within Saudi Arabia are Shariah-compliant, as well as some arranged by overseas subsidiaries.

In July 2019, the Group completed the offering of its Sukuk, under a new program, with a total value of SAR 1 billion with a tenure of 7 years, which will mature in July 2026. The issuance included SAR 507 million of the previous Sukuk, which was redeemed and exchanged. Accordingly, the nominal value of the previous Sukuk decreased from SAR 1.5 billion to SAR 993 million. Certain loans arranged by overseas subsidiaries are subject to structure and policies adopted in those countries, which may differ from those in Saudi Arabia.

Finance charges for Group loans (short-term and long-term borrowings) from various commercial banks and financial institutions during 2022 (at prevailing market rates) reached SAR 425 million compared to SAR 291 million in the previous year. With regards to loan guarantees granted by the Group to its subsidiaries (see table below), the Group usually signs promissory notes as a guarantee to its own loans and a corporate guarantee for some of its subsidiaries' loans, according to the requirements of the lending banks or financial institutions.

Details of long-term and short-term loans of the Group and its subsidiaries obtained in the normal course of business are as follows:

a) Long-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2022 (SAR '000s):

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2022	Balance Dec 2022	Balance Dec 2021
1.	Savola Group Co.	Gulf International Bank	3 Years	Dec-20	300,000	300,000	-	300,000
		Gulf International Bank	3 Years	Jul-21	250,000	250,000	-	250,000
		Bank Al Jazira	7 years	Nov-18	300,000	50,000	150,000	200,000
		Bank Al Jazira	7 years	Dec-19	500,000	-	500,000	500,000
		Bank Al Jazira	7 Years	Dec-21	75,000	-	75,000	75,000
		Bank Al Jazira	7 years	Feb-22	200,000	-	200,000	-
		Saudi British Bank	5 years	Sep-18	750,000	112,500	187,500	300,000
		Saudi British Bank	7 years	Feb-19	800,000	132,000	429,000	561,000
		Saudi British Bank	5 years	Mar-21	300,000	300,000	-	300,000
		Saudi British Bank	7 years	Feb-22	100,000	-	100,000	-
		Al Rajhi Bank	2 years	Dec-21	200,000	200,000	-	200,000
		Al Rajhi Bank	7 years	Dec-21	125,000	-	125,000	125,000
		Al Rajhi Bank	5 years	Mar-21	500,000	500,000	-	500,000
		Saudi Fransi Bank	7 years	Dec-21	200,000	-	200,000	200,000
		Saudi Fransi Bank	7 years	Feb-22	300,000	-	300,000	-
		Riyad Bank	5 years	Feb-22	150,000	-	150,000	-
		Sukuk	7 years	Jul-19	1,000,000	-	1,000,000	1,000,000
SAVOLA GROUP							3,416,500	4,511,000

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2022	Balance Dec 2022	Balance Dec 2021
2.	Afia Intl. Co. - Egypt *	National Bank of Kuwait	5 years	Jan-19	16,000	5,334	6,687	12,025
AFIA INTERNATIONAL CO.							6,687	12,025
3.	Savola Foods Co.	Al Rajhi Bank	7 years	Dec-21	175,000	-	175,000	175,000
		Bank Al Jazira	7 years	Dec-21	300,000	-	300,000	300,000
		Saudi Fransi Bank	7 years	Nov-21	300,000	-	300,000	300,000
		Saudi British Bank	7 years	Dec-21	200,000	-	200,000	200,000
SAVOLA FOODS CO.							975,000	975,000
4.	El Maleka for Food Industries Co. *	National Bank of Kuwait	5.3 years	Dec-18	28,173	4,687	5,993	15,696
EL MALEKA FOR FOOD INDUSTRIES CO.							5,993	15,696
5.	Alexandria Sugar Co. *	Commercial International Bank	13 Years	Mar-10	529,937	39,873	44,536	116,644
	Alexandria UCLR	National Bank of Kuwait	4 years	Jan-18	27,473	7,563	-	7,653
SAVOLA INDUSTRIAL INVESTMENT CO.							44,536	124,297
6.	Savola Snacks*	National Bank of Kuwait	4 years	May-22	84,444	-	63,461	-
SAVOLA SNACKS							63,461	-
7.	Herfy Food Services Co.	Al Rajhi Bank	4-6 years	2014-2017	499,996	14,916	15,612	30,528
HERFY FOOD SERVICES CO.							15,612	30,528
TOTAL LONG-TERM LOANS							4,527,790	5,668,546

* December 2022 loan value changed due to currency effect.

b) Short-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2022 (SAR '000s):

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2022	Balance Dec 2021
1.	Savola Group Co.	Saudi British Bank	1 Month	Dec-22	70,000	-
		Gulf International Bank	1 Month	Dec-22	580,000	-
SAVOLA GROUP					650,000	180,000
2.	Panda Retail Co.	Saudi National Bank	1 Month	Dec-22	45,000	-
		Saudi British Bank	1 Month	Dec-22	140,000	-
		Saudi Fransi Bank	1 Month	Dec-22	145,000	-
PANDA RETAIL COMPANY					330,000	30,000
3.	Afia International Co.	Saudi National Bank	1 Month	Dec-22	150,000	-
		Saudi British Bank	1 Month	Dec-22	430,000	-
		Arab National Bank	1 Month	Dec-22	170,000	-
		Saudi Fransi Bank	1 Month	Dec-22	200,000	-
4.	Afia Intl. Co. - Egypt	QNB Finansbank	1 Year	Aug-22	12,325	-
		Commercial International Bank	1 Year	Aug-22	5,176	-
		National Bank of Egypt	1 Year	Jun-22	12,195	-
		First Abu Dhabi Bank	1 Year	Apr-22	23,024	-
		National Bank of Kuwait	1 Year	Feb-22	36,412	-
		Hongkong and Shanghai Banking Corp.	1 Year	Jun-22	46,581	-
		Emirates NBD	1 Year	Feb-22	10,638	-
		Mashreq Bank	1 Year	Jan-22	65,555	-
5.	Behshahr Industrial Co.	Tejarat Bank	6 Months	Dec-22	26,011	-
		Bank Mellat	6 Months	Sep-22	84,535	-
		Khavarmianeh Bank	3 Months	Dec-22	65,027	-
		Khavarmianeh Bank	3 Months	Nov-22	65,027	-
		Karafarin Bank	3 Months	Nov-22	65,027	-
		Saman Bank	6 Months	Jul-22	3,902	-
		Saman Bank	6 Months	Sep-22	13,005	-
		Saman Bank	6 Months	Nov-22	6,503	-
		Saman Bank	6 Months	Nov-22	11,705	-
		Saman Bank	6 Months	Nov-22	15,605	-
		Saman Bank	6 Months	Sep-22	6,503	-
		Saman Bank	6 Months	Nov-22	16,907	-
		EN Bank	1 Year	Jun-22	39,016	-
		Shahr Bank	1 Year	Sep-22	27,311	-
		Melli Bank	1 Year	Mar-22	4,358	-
		Parsian Bank	1 Year	Mar-22	35,115	-
		Bank Keshavarzi	6 Months	Sep-22	6,585	-
6.	Notrika Goden Wheat Co.	Khavarmianeh Bank	1 Year	Mar-22	359	-

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No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2022	Balance Dec 2021
7.	Savola Gıda Sanayi ve Ticaret AS	Hongkong and Shanghai Banking Corp.	6 Months	Apr-22	15,576	
		Hongkong and Shanghai Banking Corp.	6 Months	Apr-22	5,940	
		Hongkong and Shanghai Banking Corp.	2 Months	Dec-22	8,734	
		Hongkong and Shanghai Banking Corp.	6 Months	Sep-22	16,144	
		Hongkong and Shanghai Banking Corp.	6 Months	Sep-22	1,916	
		Hongkong and Shanghai Banking Corp.	4 Months	Nov-22	5,171	
		Hongkong and Shanghai Banking Corp.	3 Months	Dec-22	15,029	
		Hongkong and Shanghai Banking Corp.	3 Months	Dec-22	12,240	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-22	6,167	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-22	7,707	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-22	1,894	
		European Bank for Reconstruction and Development	6 Months	Sep-22	7,616	
		European Bank for Reconstruction and Development	6 Months	Sep-22	18,008	
		European Bank for Reconstruction and Development	6 Months	Dec-22	32,979	
		Yapi ve Kredi Bankasi	1 Year	Aug-22	2,152	
		Garanti Investment Credit	6 Months	Dec-22	10,054	
		QNB Finansbank	1 Year	Jan-22	5,745	
		QNB Finansbank	1 Year	Apr-22	893	
		QNB Finansbank	1 Year	May-22	4,904	
		Ziraat Bankasi	6 Months	Oct-22	927	
		Ziraat Bankasi	6 Months	Dec-22	3,016	
		Ziraat Bankasi	1 Year	Nov-22	4,022	
		Ziraat Bankasi	1 Year	Nov-22	5,027	
		Ziraat Bankasi	1 Year	Nov-22	1,005	
		Ziraat Bankasi	1 Year	Dec-22	1,005	
		Ziraat Bankasi	1 Year	Dec-22	1,005	
		Ziraat Bankasi	1 Year	Dec-22	1,005	
		Ziraat Bankasi	1 Year	Dec-22	1,005	
		Ziraat Bankasi	1 Year	Dec-22	2,011	
		Vakifbank	1 Year	Oct-22	5,114	
Vakifbank	1 Year	Nov-22	466			
Halkbank	3 Months	Feb-22	1,770			
Halkbank	1 Year	Feb-22	2,815			
Halkbank	3 Months	Dec-22	804			
Halkbank	3 Months	Dec-22	804			
Halkbank	1 Year	Jul-22	5,027			
Turkiye Finans	6 Months	Nov-22	10,054			
Turkiye Finans	6 Months	Dec-22	10,054			
Turkiye Finans	6 Months	Dec-22	9,425			
AFIA INTERNATIONAL CO.					1,899,637	1,801,881

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2022	Balance Dec 2021
8.	Savola Foods Co	Saudi British Bank	1 Month	Dec-22	178,000	
SAVOLA FOODS Co.					178,000	
9.	Afia Intl. Co. - Algeria	Arab Bank	6 Months	Oct-22	37,681	
		Arab Bank	6 Months	Dec-22	30,909	
		Fransabank el Djazair	6 Months	Aug-22	37,179	
		Hongkong and Shanghai Banking Corp.	6 Months	Oct-22	91,787	
		Societe Generale Algeria	6 Months	Sep-22	56,251	
		United Capital Bank	9 Months	May-22	640	
		United Capital Bank	9 Months	Jun-22	1,909	
		United Capital Bank	9 Months	Sep-22	10,193	
10.	Savola Edible Oils (Sudan) Ltd.	United Capital Bank	9 Months	Oct-22	9,078	
		United Capital Bank	9 Months	Oct-22	6,090	
		United Capital Bank	9 Months	Dec-22	3,179	
		Bank of Khartoum	9 Months	Oct-22	2,220	
		Bank of Khartoum	9 Months	Nov-22	14,992	
		Bank of Khartoum	9 Months	Jul-22	13,907	
		Bank of Khartoum	9 Months	Jul-22	8,418	
		Bank of Khartoum	9 Months	Sep-22	10,441	
		Bank of Khartoum	9 Months	Dec-22	4,962	
		Bank of Khartoum	9 Months	Dec-22	5,118	
		National Bank of Egypt	9 Months	Sep-22	457	
		National Bank of Egypt	9 Months	Jul-22	1,832	
		National Bank of Egypt	9 Months	Apr-22	39	
		National Bank of Egypt	9 Months	May-22	104	
		National Bank of Egypt	9 Months	Dec-22	1,360	
Omdurman National Bank	9 Months	Apr-22	638			
Omdurman National Bank	9 Months	Jun-22	3,010			
Omdurman National Bank	9 Months	Jul-22	2,325			
Omdurman National Bank	9 Months	Nov-22	3,431			
Qatar National Bank	9 Months	Aug-22	4,947			
Qatar National Bank	9 Months	Dec-22	3,372			
Arab Sudanese Bank	9 Months	Dec-22	3,467			
SAVOLA FOODS EMERGING CO.					369,936	437,040
11.	El Maleka for Food Industries Co.	Emirates NBD	6 Months	Dec-22	6,462	
		National Bank of Kuwait	6 Months	Dec-22	34,213	
		EBE Bank	6 Months	Dec-22	1,347	
		Qatar National Bank	6 Months	Dec-22	4,982	
		Commercial International Bank	6 Months	Dec-22	1,400	
EL MALEKA FOR FOOD INDUSTRIES CO.					48,404	39,337

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES IN ACCORDANCE WITH REGULATORY REQUIREMENTS

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2022	Balance Dec 2021
12.	Alexandria Sugar Co.	Hongkong and Shanghai Banking Corp.	6 Months	Dec-22	5,460	
		Commercial International Bank	6 Months	Dec-22	836	
		Mashreq Bank	6 Months	Dec-22	19,447	
SAVOLA INDUSTRIAL INVESTMENT CO.					25,743	230,283
13.	Seafood International Two FZCO	Arab Banking Corporation	1 Year	Sep-22	54,311	
		Hongkong and Shanghai Banking Corp.	1 Year	May-22	28,228	
SEAFOOD INTERNATIONAL TWO FZCO					82,539	47,644
SEAFOOD INTERNATIONAL HOLDING CO.						3,001
14.	GYMA Food Industries LLC	Mashreq Bank	1 Year	Dec-22	13,390	
		First Abu Dhabi Bank	1 Year	Nov-22	4,231	
		Mashreq Bank	1 Year	Dec-22	160	
		First Abu Dhabi Bank	1 Year	Nov-22	1,821	
Snacking and Ingredients Food Holding Co					19,602	23,170
15.	Sahar Enterprises LLC	Dubai Islamic Bank	3-4 months	Dec-22	3,772	
		National Bank of Fujairah	3-4 months	Dec-22	3,128	
		Habib Bank AG Zurich	3-4 months	Dec-22	1,429	
		First Abu Dhabi Bank	3-4 months	Dec-22	3,909	
		Hongkong and Shanghai Banking Corp.	3-4 months	Dec-22	706	
GOOD FOOD CO.					12,944	251
TOTAL SHORT-TERM BORROWING					3,616,806	2,792,607

* Reclassified from long-term loan

2-5) Summary of payments made and due to the government (in SAR '000s)

No.	Item (payments)	Paid	Due until the end of the financial period but not paid	Description	Reasons/Justifications
1.	Customs duties	135,029	52,320	-	
2.	Zakat	51,662	26,132	-	
3.	Income tax and withholding tax	87,669	141,796	Income and withholding tax	According to the requirements of the laws and applicable regulations
4.	GOSI (for KSA) and social insurance (for outside KSA)	143,761	6,802	Employees' GOSI and social insurance	
5.	Visas and passport office fees	51,326	0	Iqama renewal, exit and re-entry visas	
6.	Labor office fees	123,764	2	Work permits and Iqama renewal	
7.	Other duties and government levies	44,545	8,252	License Fees & Other Fees	

POTENTIAL RISKS

3) Potential Risks to Savola Group Operations:

3-1) Savola Risk Management approach

a) Risk Management overview

The Group, like any other economic entity, may be affected by risks through the nature of its commercial activities in basic food commodities, retail and other investments. These risks may be summarized as following:

- Operational, financial, strategic, regulatory and compliance risks.
- The possibility of the Group operations being exposed to geopolitical risks that result from its operations outside the Kingdom.
- Risk of commodities and raw materials price volatility in the local and international markets where it operates.
- Risk of geographic expansion and competition pertaining to new markets in the region
- Fluctuation in foreign currency, exchange rates against the Saudi Riyal or other currencies of the countries that the Group operates in.
- Inflation in the economies of countries where the Group operates.
- Risks related to new investments.
- Any emerging risks that the Group may be exposed to during its operations.

The Group and its subsidiaries manage these risks through its Board of Directors, Audit Committee, Executive Management and various departments and task forces within the Group. As well as a dedicated Risk Management department at holding level and its major subsidiary i.e., SFC and Panda.

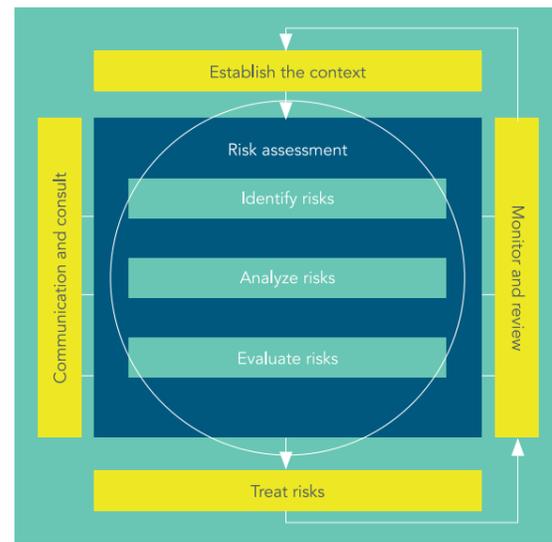
Savola seeks to protect its stakeholders, reputation and the value of its assets, and is committed to continually developing its risk management culture by way of its risk governance framework and continual team development.

b) Enterprise Risk Management framework

In line with the market best practices Savola has an integrated Enterprise Risk Management (ERM) framework to support the success of the business and achievement of its strategic goals through a collaborative risk management environment that proactively identifies, monitors and mitigates risks. The framework has been developed in line with current leading ERM practices and ISO 31000.

In developing the ERM framework, the focus was to design a process that addresses Savola's business needs while remaining simple and pragmatic. Savola ERM framework outlines the series of activities that Savola uses in identifying, assessing and managing its risks. The framework ensures that risk is being managed through a common set of processes at Savola, which enable the flow of risk information to the person with the authority and responsibility for making decisions pertaining to the activity associated with the risk. By establishing a common language and set of tools, Savola's risk management process can be replicated at any level within the Group.

POTENTIAL RISKS



In line with the continuous efforts to strengthen risk management culture and capabilities, Savola has:

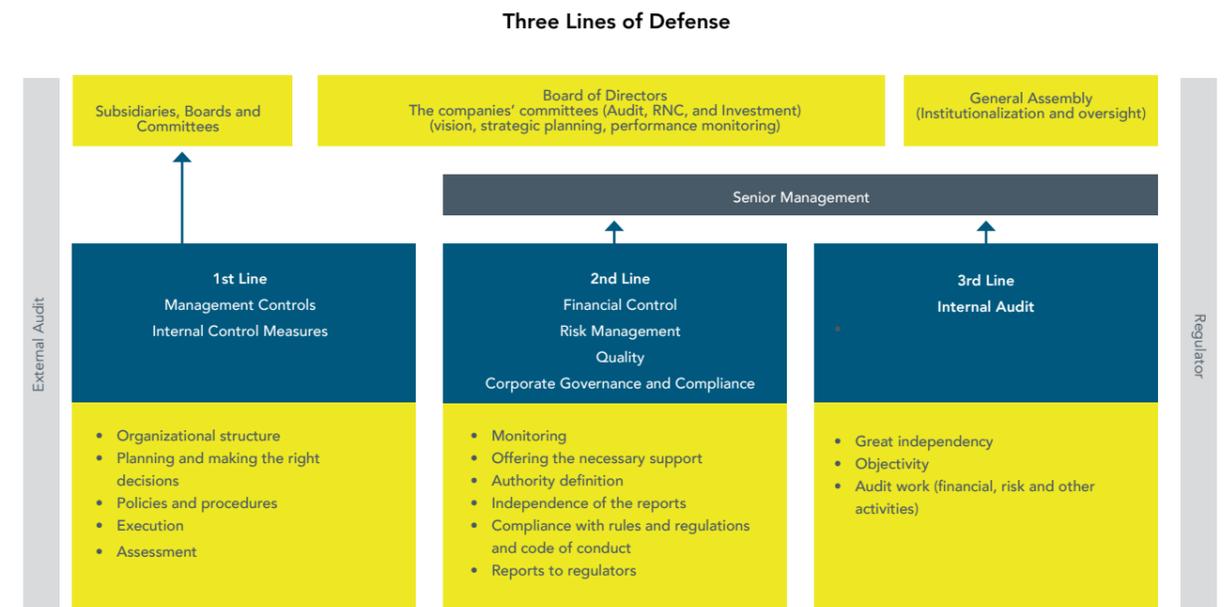
- Established a dedicated risk management function at the Group and its main subsidiaries. The function comprises a dedicated team leading the risk management activities at enterprise level, as well as assigned risk champions who implement risk management activities within respective business functions.
- Set a risk management framework and governance policy, approved by the Board of Directors.
- Conducted multiple risk awareness sessions across the Group and its subsidiaries.
- Conducted a risk assessment for various key functions at the Group and its main subsidiaries.
- Proactively identified emerging external risks and communicated them with the relative functions for assessment.
- Implemented a Governance, Risk and Compliance (GRC) system to enhance managing risk assessments, registers, management issues, key risk indicators, policy management, and internal audit at Savola Group and its main subsidiaries; Savola Foods and Panda, autonomously.
- Developed Risk Key Indicators (KRIs) with Risk Appetite and capacity for each indicator.
- Set the group's risk appetite statement, approved by the Board of Directors.
- Developed Risk Key Indicators (KRIs) with targeted and maximum limit for each indicator.
- Established an Executive Risk Management Committee (ERMC) at Savola Group level, that mainly aims to:
 - Assess and challenge risk decisions.
 - Monitor and provide insights to the risk management process.
 - Provide recommendations to the Board.

c) Channels to communicate, decline and enforce the risk culture

• Three Lines of Defense

Savola operates a “Three Lines of Defense” model to ensure accountability across the Group for governance, monitoring, reporting and management of risks, and the control environment.

Each of the Three Lines of Defense plays a distinct role within Savola’s wider governance framework. The Board and senior management are the primary stakeholders served by the Three Lines of Defense model, and they are the parties best positioned to help in ensuring that the Three Lines of Defense are reflected in Savola’s risk management and internal control processes.



3-2) Financial instruments and risk management

a) Financial Risk Management

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

b) Risk management framework

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

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

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

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

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, trade and other receivables, investments measured at fair value, loans and borrowings, lease liabilities, derivatives, trade payables and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

POTENTIAL RISKS

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

c-1) Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows.

The Group's interest rate risks arise mainly from its borrowings and short-term deposits, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

c-2) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Iranian Riyals, Egyptian Pounds, United Arab Emirates Dirhams, Sudanese Pounds and Turkish Lira. The Group operates internationally and is exposed to foreign exchange risk. The Group's investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between foreign currencies against Iranian Riyals, Egyptian Pounds, Sudanese Pounds and Turkish Lira. Such fluctuations are recorded as a separate component of equity "Foreign Currency Translation Reserve" in the accompanying consolidated financial statements. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. In addition, interest on borrowings is denominated in the currency of the borrowings. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group's investments in foreign subsidiaries are not hedged.

d) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk since the Group holds investment in certain listed equities which are classified on the statement of financial position as FVOCI investments. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Such investments are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. In addition, United Sugar Company uses derivative financial instruments (Commodity future contracts) to hedge its price risk of raw material in the Sugar business.

Further, the put and call option are periodically valued based on Black Scholes' model using certain assumptions including the sugar prices; the fluctuations of which affects the valuations.

e) Credit risk

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

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

e-1) Other receivables

Impairment on other receivables has been measured on a life-time expected loss basis and reflects the short maturities of the exposures having low credit risk.

e-2) Cash and bank balances

Impairment on cash and bank balances has been measured on a life-time expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties.

f) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements. As at December 31, 2022, the Group has unused bank financing facilities amounting to SR 6.9 billion (December 31, 2021: SR 4.4 billion) to manage the short term and the long term liquidity requirements.

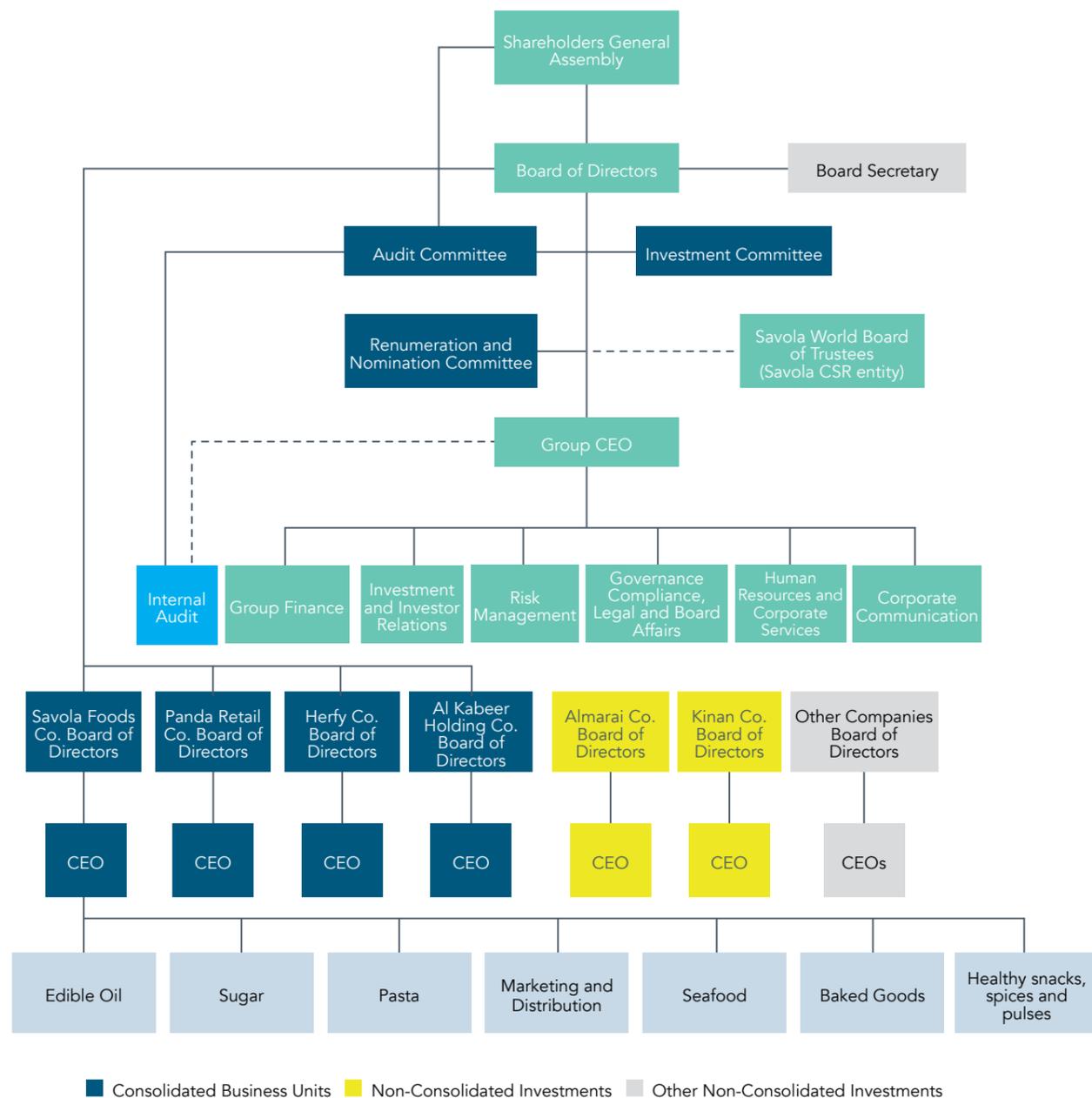
It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount with the exception of unclaimed dividend. Accordingly, it has been classified as such.

g) Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. For further details, the same item can be reviewed in the clarification notes accompanying the Company's financial statements for 2022.

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

Organization structure:



a) Composition of the Board, key roles and memberships in other Companies:

a-1) Summary of the role and responsibilities of the Board of Directors:

The Board of Directors is the highest authoritative body responsible to shareholders for managing the Company in accordance with its bylaws, laws and relevant regulations. The main roles of the Board of Directors include setting overall corporate strategies, plans, policies and main objectives of the Company, establishing and reviewing internal control measures, corporate governance, ensuring proper mechanisms to manage risks and ensuring the effectiveness of internal controls across the Group. The Board approves financial budgets, statements, and monitors the performance of the Group and Executive Management's performance. The Board protects the interests of its shareholders and other relevant parties including approving policies that ensure the application, supervision and execution of the laws and regulations, and commits to disclose any key information related to the Company and its performance that may assist shareholders in evaluating its assets and liabilities. The detailed role of the Board which has been articulated in the bylaws and Corporate Governance Manual, is available on the Company's website (www.savola.com).

a-2) Composition of the Board:

The Company's bylaws have set the number of members of the Board of Directors to be 11 members. Accordingly, the Board was elected by the AGM held on 16 May 2022 for the current term that started 1 July 2022 for the period of 3 years ending 30 June 30 2025. All the elected members are either Non-Executive or Independent (to review the qualifications, experience of the members and their classification please refer to the beginning of this Report).

a-3) Names of the companies, whatever their legal forms are, inside and outside the Kingdom, where a Board member is either a member of their current or previous board or a manager in:

The below statement/schedule includes the names of the companies, whatever their legal forms are, inside and outside the Kingdom, in which a Board member is a member or manager of their current or previous board:

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	Savola Group	Inside	Listed	Saudi British Bank	Inside	Listed
		Almarai Co.	Inside	Listed	Nationals Industrialization Co.	Inside	Listed
		Abdulkadir Al Muhaidib & Sons Co.	Inside	Unlisted	Middle East Paper Co.	Inside	Listed
		Rafal Real Estate Development Co.	Inside	Unlisted	Joussour Holding Co.	Inside	Unlisted
		Al Muhaidib Holding Co.	Inside	Limited Liability	United Mining Industries Co.	Inside	Unlisted
		Amwal Al Ajial Holding Company	Inside	Limited Liability	Al Oula Real Estate Development Co.	Inside	Unlisted
		Vision Invest Holding Co.	Inside	Limited Liability	Thabat Construction Co.	Inside	Limited Liability
		Zat Al Sawary Co.	Inside	Limited Liability	Architectural Supplies Works Co.	Inside	Limited Liability
		Taj Al Awfia Co.	Inside	Limited Liability	International Timber Co.	Inside	Limited Liability
					Mayar Foods Co.	Inside	Limited Liability
					Mayar Transport & Warehousing Co.	Inside	Limited Liability
					Gulf Marasy for Marine Services Co.	Inside	Limited Liability

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
					Citadel Trading & Contracting Co	Inside	Limited Liability
					Al Muhaidib for Development Co.	Inside	Limited Liability
					Al Muhaidib Land Transport	Inside	Limited Liability
					Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Emad Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Awatef Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Tamader Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Haifa Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Loloah Sulaiman Almudaiheem & Partner Co.	Inside	Limited Liability
					Muhail for Operation and Maintenance Co.	Inside	Limited Liability
					United Feed Manufacturing Co.	Inside	Limited Liability
					Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability with GCC capital
					Essam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Al Shamiyah Urban Development Co. Ltd.	Inside	Limited Liability
					Arabian Safenat for Construction Co.	Inside	Limited Liability
					International Co. for Water and Energy Development (Acwa)	Inside	Limited Liability
2.	Mr. Bader Abdullah Alissa	Savola Group	Inside	Listed	Knowledge Economic City Co.	Inside	Listed
		Banque Saudi Fransi	Inside	Listed	Kinan International Real Estate Development Co.	Inside	Unlisted
		Dur Hospitality	Inside	Listed	Al Aqeeq Real Estate Development Co.	Inside	Unlisted
		Almarai Co.	Inside	Listed	Sukoon International	Inside	Unlisted
		Savola Foods Co.	Inside	Unlisted	Savola Packaging Systems Co.	Inside	Unlisted
		Panda Retail Co.	Inside	Unlisted	Assila Investments Co.	Inside	Unlisted
		Afia International Co.	Inside	Unlisted			
		United Sugar Co.	Inside	Unlisted			

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
		Afia International Co. Egypt	Outside	Unlisted			
		United Sugar Co. Egypt	Outside	Unlisted			
		Alexandria Sugar Co. Egypt	Outside	Unlisted			
		El Maleka for Food Industries Co.	Outside	Unlisted			
		Savola Gida	Outside	Unlisted			
3.	Mr. Ahmad Abdulrahman Al Humaidan	Savola Group	Inside	Listed			
		Savola Foods Company	Inside	Unlisted		NA	
4.	Mr. Ahmed Waza Al Qahtani	Savola Group	Inside	Listed	Arab National Bank	Inside	Listed
		Panda Retail Company	Inside	Unlisted	Jabal Omar Development Co.	Inside	Listed
		National Medical Care	Inside	Listed			
		Saudi Medical Care Group	Inside	LLC			
		GEMS Education KSA Holding	Inside	LLC			
		Ma'arif Education Company	Inside	LLC			
		Jawda Integrated Real Estate	Inside	LLC			
		Osool Integrated Real Estate	Inside	LLC			
		Raza Company	Inside	LLC			
		GOSI Investment Ventures Company	Inside	LLC			
		The First Successful Investment Company	Inside	LLC			
		The Second Successful Investment Company	Inside	LLC			
		The Third Successful Investment Company	Inside	LLC			
5.	Eng. Mutaz Qusai Al Azawi	Savola Group	Inside	Listed	Merrill Lynch Kingdom of Saudi Arabia	Inside	Unlisted
		Herfy Food Services Co.	Inside	Listed	Al Farasha for Food Industries	Outside	Unlisted
		Arabian Cement Co.	Inside	Listed	Kusai AlAzzawi & Sons Co.	Inside	Limited Liability
		Riyad Bank	Inside	Listed			
		Etihad Etisalat (Mobily)	Inside	Listed			
		Ready Mix Concrete & Construction Supplies Ltd.	Outside	Listed			
		Savola Foods Co.	Inside	Unlisted			
		United Sugar Co.	Inside	Unlisted			

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
		Afia International Co.	Inside	Unlisted			
		United Sugar Co. Egypt	Outside	Unlisted			
		Alexandria Sugar Co. Egypt	Outside	Unlisted			
		El Maleka for Food Industries Co.	Outside	Unlisted			
		Qatrana Cement Co.	Outside	Unlisted			
		Afia International Co. Egypt	Outside	Unlisted			
		Saudi Industrial Construction & Engineering Projects Ltd.	Inside	Limited Liability			
		Saudi Technology and Trade Co.	Inside	Limited Liability			
		Al Wusataa for Development	Inside	Limited Liability			
6.	Mr. Fahad Abdullah Al Kassim	Savola Group	Inside	Listed	Abdullatif Al Issa Holding Group	Inside	Unlisted
		Dur Hospitality	Inside	Listed	National General Automotive Co.	Inside	Limited Liability
		Jarir Marketing Co.	Inside	Listed	Albilad Bank	Inside	Listed
		Dallah Health	Inside	Listed	Naqel Co.	Inside	Unlisted
		Al Riyadh Development Co.	Inside	Listed	Saudi Post	Inside	Gov. Corporation
		Dr. Mohammed Rashid Al Fagih & Associates	Inside	Unlisted	Al Rajhi Alpha Investment Holding Co.	Inside	Limited Liability
		Al Rajhi United Investment Holding Co.	Inside	Unlisted	Raj Real Estate Co.	Inside	Limited Liability
		Al Rajhi united real-estate	Inside	Unlisted	Saudi Heritage Hospitality Co.	Inside	Unlisted
		Abdullah Ibrahim Al Subeaei Holding (AIMS)	Inside	Unlisted	Amwal Financial Consultations	Inside	Limited Liability
		Alargan Projects Co.	Inside	Unlisted			
		Mohammed Abdulaziz Al Habib & Sons Holding Co.	Inside	Unlisted			
		Jarir investments Co.	Inside	Unlisted			
		Masarat AlTanmyah investment Co.	Inside	Unlisted			
		Value capital partners Co.	Inside	Unlisted			
		Panda Retail Company	Inside	Unlisted			
		Fincorp Investment Holding Co.	Outside	Unlisted			
		Areez Commercial Investment Co. Ltd.	Inside	Limited Liability			

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
		Savola World Foundation	Inside	Non-profit Organization			
		Baseqat Al Khaleej Co.	Inside	Limited Liability			
		Tanal for real estate investment and development Co.	Inside	Limited Liability			
		Century 21 & partner for real estate appraisal Co.	Inside	Professional Co.			
		Fahad Abdullah AlKassim CPA	Inside	Professional Office			
7.	Mr. Mohammed Ibrahim Alissa	Savola Group	Inside	Listed	Sukoon Real Estate	Inside	Unlisted
		BlackRock Saudi Arabia	Inside	Unlisted	Al Aqeeq Real Estate	Inside	Unlisted
					Kinan International for Real Estate Development Co.	Inside	Unlisted
					Assila Investments Co.	Inside	Unlisted
8.	Mr. Waled Abdullah Al Ghreri	Savola Group	Inside	Listed			
		National Energy Services Company	Inside	Unlisted		NA	
		Savola World Foundation	Inside	Non-profit Organization			
9.	Mr. Rakan Abdulaziz Al Fadl	Savola Group	Inside	Listed	Rabya Co.	Inside	Limited Liability
		Alfadl Group	Inside	Limited Liability	Al Takamul Group Co.	Inside	Holding Co.
		Sahara Building Contractors Co.	Inside	Limited Liability			
		Alfadl Real Estate Co.	Inside	Limited Liability			
		Alfadl Investments Co.	Inside	Limited Liability			
10.	Mr. Isam Majid Al Muhaidib	Savola Group	Inside	Listed			
		Panda Retail Co.	Inside	Unlisted			
		Mayar Foods Company	Inside	Limited Liability			
		Masdar Building Materials	Inside	Unlisted			
		Dar Al Zahrawi Medial Co	Inside	Limited Liability			
		Abdulkadir Almuheidib and Sons Company	Inside	Unlisted		NA	
		Dhahran Chemical Industries & Marketing Company (Synthomer)	Inside	Unlisted			
		Thabat Construction Company	Inside	Limited Liability			

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
		United Transformers Electric Company	Inside	Limited Liability			
		Emdad Human Resources Company	Inside	Unlisted			
		Zohoor Alreef Company	Inside	Unlisted	NA		
		Bawan Engineering Industries Company	Inside	Limited Liability			
		Bina Industrial Investment Holding Company	Inside	Limited Liability			
		Herfy Food Services Company	Inside	Listed			
11.	Mr. Bader Hamad Al Rabiah	Savola Group	Inside	Listed	Al Manar Financing and Leasing Co.	Outside	Listed
		Middle East Petrochemical Company	Inside	Unlisted			
		Noor Financial Investment Co.	Outside	Listed			
		Palms Agro Production Co.	Outside	Listed			
		Meezan Bank	Outside	Listed			
		Al Durra National Real Estate Co.	Outside	Unlisted			
		Noor Al Salhiya Real Estate Co.	Outside	Unlisted			
		International Hotels Group Co.	Outside	Unlisted			
		Ikarus Real Estate Co. (WLL)	Outside	Limited Liability			
Ex-Board Members (for the term ended on 30/06/2022) (Note: the information below was up until 01/07/2022)							
1.	Dr. Adnan Abdulfattah Soufi	Fitaihi Group Co.	Inside	Listed	Savola Group	Inside	Listed
		Natixis Saudi Arabia Investment Co.	Inside	Unlisted	Panda Retail Company	Inside	Unlisted
		Wadi Jeddah Co.	Inside	Unlisted	Bupa Arabia Co.	Inside	Listed
		Saudi Company for Industrial Services	Inside	Listed	Arabian Cement Co.	Inside	Listed
					SEDCO Holding Group	Inside	Unlisted
					Awj Holding Co.	Inside	Limited Liability
					Alahli Capital Co.	Inside	Unlisted

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
2.	Mr. Abdulrahman Mohammed Ramzi Addas	Alinma Bank	Inside	Listed	Savola Group	Inside	Listed
		Diyar Al Khayyal Real Estate Development Co.	Inside	Limited Liability	Bank Albilad	Inside	Listed
		Tunisian Saudi Bank	Outside	Joint venture for the Saudi Ministry of Finance	Al Soraie Industrial & Trading Co.	Inside	Listed
		Al Rabie Saudi Foods Co. Ltd.	Inside	Limited Liability	Red Sea Markets Co. Ltd.	Inside	Limited Liability
		Environment Fund	Inside	Gov. Entity	Keppel Alnumu Co.	Inside	Limited Liability
					SEDCO Capital	Inside	Limited Liability
					Abdulaziz Al Saghair Holding Co.	Inside	Limited Liability
					Quantum Investment Bank	Outside	Limited Liability
					ARCOMA Co.	Inside	Limited Liability
					International Co. for Water and Energy Development (Acwa)	Inside	Limited Liability
					Ahmed Mohammed Saleh Baeshen & Co.	Inside	Unlisted
					Savola World Foundation	Inside	Non-profit Organization
3.	Mr. Abulaziz Khaled Al Ghufaily	Al Rajhi Bank	Inside	Listed	Savola Group	Inside	Listed
		Al Rajhi Capital	Inside	Unlisted	Savola Foods Co.	Inside	Unlisted
		National Petrochemical Industries Company	Inside	Unlisted	Panda Retail Co.	Inside	Unlisted
					Herfy Food Services Co.	Inside	Listed
					Tabuk Agriculture Development Co.	Inside	Listed
					National Medical Care Co.	Inside	Listed
					The Industrialization & Energy Services Co.	Inside	Unlisted
					Riyadh Hotels & Entertainment Co.	Inside	Unlisted
					Saudi Industries Development Co.	Inside	Unlisted

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No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
4.	Mr. Essam Abdulkadir Al Muhaidib	Bawan Co.	Inside	Listed	Savola Group	Inside	Listed
		Abdulkadir Al Muhaidib & Sons Co.	Inside	Unlisted	Panda Retail Co.	Inside	Unlisted
		Shamia Real Estate Development Co.	Inside	Limited Liability	Herfy Food Services Co.	Inside	Listed
		Rafal Real Estate Co.	Inside	Unlisted	Emaar Middle East Co.	Inside	Limited Liability
		National Housing "Al Wataniyah Al Eskan" Co.	Inside	Unlisted	Zohoor Alreef Trading Co.	Inside	Unlisted
		Safenat Arabian Contracting Company	Inside	Limited Liability	Al Yamamah Steel Industries Co.	Inside	Unlisted
		Al Muhaidib Holding	Inside	Unlisted	Thabat Construction Co. Limited	Inside	Limited Liability
		That Al Sawary Co.	Inside	Limited Liability	Middle East Paper Co. (MEPCO)	Inside	Listed
		Romansiah Co. Limited	Inside	Unlisted	Emdad Human Resources & Manpower Supply Co.	Inside	Unlisted
		Tharwa City for Real Estate Co.	Inside	Unlisted	Al Salam Bank Bahrain	Outside	Listed
		Vision international Invest Holding Co.	Inside	Unlisted	Nesaj Real Estate Development Co.	Inside	Limited Liability
		Ekseer Alkhaleej Contracting Co.	Inside	Limited Liability	Al Latifia Trading & Contracting Co.	Inside	Limited Liability
		Buhairat Alkhobar Real Estate Development Co.	Inside	Limited Liability	Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability
		Mayar Foods Co.	Inside	Limited Liability	Albalad Al Amin Co.	Inside	Unlisted
		Atheel Holding Co.	Inside	Limited Liability	Al Oula for Real Estate Development Co.	Inside	Unlisted
		Saudi Tharwa for Real Estate Investment & Development Co.	Inside	Limited Liability	International Timber Co.	Inside	Unlisted
		Atheel Arabia for Services Co. Limited	Inside	Limited Liability	Bloom Invest Co.	Inside	Limited Liability
		Amwal Al Ajyal Holding Co.	Inside	Limited Liability	Saudi Tabreed Co.	Inside	Limited Liability
		Qalaa Trading & Contracting Co.	Inside	Limited Liability	Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Shaas for Water Services Co.	Inside	Limited Liability	Emad Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
Shaas for Water Services Co. Ltd.	Inside	Limited Liability	Awaf Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability		
Taj Al Awfia Co.	Inside	Limited Liability	Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability		
Tanmiat Al Ahlam for Construction	Inside	Limited Liability	Hayfa Abdulkadir Al Muhaidib Co.	Inside	Limited Liability		
Jadeer Investment Holding Co.	Inside	Limited Liability	Lolwah Sulaiman Almudaiheem & Partners	Inside	Limited Liability		

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
					Himmah Logistics Co.	Inside	Limited Liability
					Muhail for Operation and Maintenance Co.	Inside	Limited Liability
					Tamader Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
					International Co. for Water and Energy Development (Acwa)	Inside	Unlisted
					Al Jadeer Logistics Services	Inside	Limited Liability
					Masdar Building Materials Co.	Inside	Unlisted
					Mayar Transport & Warehousing Co.	Inside	Limited Liability
					Essam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Nokhbat Alkwader Co.	Inside	Limited Liability
					Spring Water Factory Co. Ltd.	Inside	Limited Liability
					Al Manhal Water Services Factory	Inside	Limited Liability
					Naqiah Water Factory Limited	Inside	Limited Liability
					Nestle Water Factory Co. Ltd.	Inside	Limited Liability
					Rivers Water Factory Co. Ltd.	Inside	Limited Liability

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

a-4) Summary of CVs for Ex- Board members for the term beginning 1/7/2019 until 30/6/2022:

No	Member name	Classification	Current positions	Previous positions	Qualifications	Experience
1.	Dr. Adnan Abdulfattah Soufi	Non-Executive Ex- Board Member	Founder and Managing Partner of DAS Partners, Board Member of Natixis Saudi Arabia Investment, Vice Chairman of SISCO Group's Board, Chairman of the Advisory Committee for the General Authority for Awqaf, and Board Member of Fitaihi Holding	Member of the Board of Commissioners of the Capital Market Authority (CMA) by Royal Decree appointment, Chairman of the Advisory Committee of the CMA Board, CEO of SEDCO Holding, Dean of the Faculty of Economics and Administration as well as Professor of Business Administration and International Finance at King Abdulaziz University (KAU), and Senior Associate Member of Oxford University's St. Antony's College	Fulbright Scholar Ph.D. in Business Administration and International Finance – George Washington University, USA	Executive strategist leader, specialized in corporate governance as well as business development, institutional investment, and leading transformation
2.	Mr. Abdulrahman Mohammed Ramzi Addas	Independent Ex- Board Member	Member of the Board, Executive Committee and Audit Committee Member Of Alinma Bank, Chairman of the Board of Diyar Al Khayyal Real Estate Development, Chairman and Risk Management Committee Member of Tunisian Saudi Bank, Board Member of Al Rabie Saudi Food and Chairman of the Audit Committee, Board Member and Chairman of the Investment Committee and Member of the Nomination and Remuneration Committee at Environment Fund, Member of the Risk Committee at Saudi Ground Services, Member of the Risk and Compliance Committee of General Authority for Zakat, Tax and Customs, and Member of the Investment and Loans Committees at Agriculture Development Fund	Several senior executive positions at the National Commercial Bank, Managing Director for Real Estate Group in charge of real estate investments, and Member of the Executive and Strategic Committees at SEDCO	Master's degree in Business Administration (Finance major) - University of Denver, USA Bachelor's degree in Business Administration (First Degree Honors) - King Abdulaziz University, KSA	Banking, risk management, strategic management and investment
3.	Mr. Abulaziz Khaled Al Ghufaily	Non-Executive Ex- Board Member	Retired – Public sector and Board Member of various companies	General Director of Local Shares Dept, Hassana Investment, and Director of Direct Investments Department of General Organization for Social Insurance (GOSI)	Master's degree in Economics - Western Illinois University, USA Bachelor's degree in Economics - King Saud University, KSA	Social insurance, investment portfolios and shares. Sits on a number of other Boards and Committees
4.	Mr. Essam Abdulkadir Al Muhaidib	Non-Executive Ex- Board Member	Managing Director of Al Muhaidib & Sons and Board Member of several companies	A number of managerial and leadership roles, and Board memberships for Al Muhaidib Group of Companies	Bachelor of Science degree in Statistics - King Saud University, KSA	Managing several companies in the food and contracting fields. Sits on a number of other Boards

a-5) Summary of Committee members' CVs:

No	Member name	Current positions	Previous positions	Qualifications	Experience
Remuneration and Nomination Committee members of the term that started on 01/07/2022					
1.	Mr. Rakan Abdulaziz Al Fadl				Their current and previous positions, qualifications and experience were mentioned earlier in this Report
2.	Mr. Bader Abdullah Alissa				
3.	Mr. Ahmed Waza Al Qahtani				
4.	Mr. Badr Hamed Al Rabiah				
5.	Mr. Johan Brand	<ul style="list-style-type: none"> Managing Director/ Owner, Johan Brand Leadership Advisory DWC-LLC (2016-present) Board Member of Cenomi Centers and Nesma United Industries Member of the Nomination & Remuneration Committees with Saudi Telecom Company, ACWA Power, Cenomi Centers, Nesma Company and Ghobash Trading & Investments 	<ul style="list-style-type: none"> Senior Partner and Consultant, Egon Zehnder (1995-2016) PepsiCo, Director PCI Management Institute (1993-1995) and Marketing Director (1991-1993) Procter & Gamble, Brand Management (1986-1991) 	<ul style="list-style-type: none"> MSc, Business Economics, Erasmus University Rotterdam, The Netherlands; MA Corporate Law and MA Private Law, Erasmus University Rotterdam, The Netherlands; Certified Professional Director, Hawkamah/ Mudara Institute of Directors 	Has wide and independent experience as a leadership professional, and his focus is on making Boards and C-level leadership more effective. Advisor to Chairmen, Family Heads and CEOs.
Ex-Remuneration and Nomination Committee members for the term that ended on 30/06/2022					
1.	Mr. Essam Abdulkadir Al Muhaidib				Their current and previous positions, qualifications and experience of Ex- Board members were mentioned earlier in (a-5)
2.	Mr. Abdulrahman Mohammed Ramzi Addas				
Investment Committee members of the term that started on 01/07/2022					
1.	Eng. Mutaz Qusai Al Azzawi				Their current and previous positions, qualifications and experience were mentioned earlier in this Report in (a-4)
2.	Mr. Ahmad Abdulrahman Al Humaidan				
3.	Mr. Mohammed Ibrahim Alissa				
4.	Mr. Isam Majid Al Muhaidib				Their current and previous positions, qualifications and experience of Ex- Board members were mentioned earlier in (a-5)
5.	Mr. Waled Abdullah Ghreri				
Ex-Investment Committee members of the term that ended on 30/06/2022					
1.	Mr. Abdulaziz Khaled Al Ghufaily				Their current and previous positions, qualifications and experience of Ex- Board members were mentioned earlier in (a-5)
2.	Dr. Adnan Abdulfattah Soufi				
3.	Mr. Fahad Abdullah Al Kassim				Their current and previous positions, qualifications and experience were mentioned earlier in this Report in (a-4)

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

a-6) Board meetings attendance record:

In order to enhance its role and responsibilities, the Board held (7) meetings during the year. The below schedule shows the attendance records for each meeting during 2022:

No.	Member	Meetings during 2022							No. of attendance
		31 January	16 May	21 June	13 September	30 October	17 December	25 December	
Current Board Members (for the term that started on 01/07/2022)									
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	✓	✓	✓	✓	✓	✓	✓	7 of 7
2.	Mr. Bader Abdullah Alissa	✓	✓	✓	✓	✓	✓	✓	7 of 7
3.	Eng. Mutaz Qusai AlAzzawi	✓	✓	✓	✓	✓	✓	✓	7 of 7
4.	Mr. Fahad Abdullah Al Kassim	✓	✓	✓	✓	✓	✓	✓	7 of 7
5.	Mr. Mohammed Ibrahim Alissa	✓	✓	✓	✓	✓	✓	✓	7 of 7
6.	Mr. Rakan Abdulaziz Al Fadl	✓	✓	✓	✓	✓	✓	✓	7 of 7
7.	Mr. Bader Hamad Al Rabiah	✓	✓	✓	✓	✓	✓	✓	7 of 7
8.	Mr. Ahmad Abdulrahman Al Humaidan	NA	NA	✓	✓	✓	✓	✓	5 of 5
9.	Mr. Ahmed Waza Al Qahtani	NA	NA	✓	✓	✓	✓	✓	5 of 5
10.	Mr. Isam Majid Al Muhaidib	NA	NA	✓	✓	✓	✓	✓	5 of 5
11.	Mr. Waled Abdullah Ghreri	NA	NA	✓	✓	✓	✓	✓	5 of 5
-	Mr. Elnour Ali Saad (Board Secretary)	✓	✓	✓	✓	✓	✓	✓	7 of 7
Previous Board members (for the term that ended on 30/06/2022)									
	Mr. Essam Abdulkadir Al Muhaidib	✓	✓	NA	NA	NA	NA	NA	2 of 2
	Mr. Abdulaziz Khaled Al Ghufaily	✓	✓	NA	NA	NA	NA	NA	2 of 2
	Mr. Abdulrahman Mohammed Ramzi Addas	✓	✓	NA	NA	NA	NA	NA	2 of 2
	Dr. Adnan Abdulfattah Soufi	✓	✓	NA	NA	NA	NA	NA	2 of 2

a-7) Board members attendance record for the General Assembly meeting:

Two Shareholders General Assembly meetings were held during the last fiscal year. The following is a list of the members of the Board of Directors present during the meeting:

No.	Board Member	Position	General Assembly Meeting No. 41	General Assembly Meeting No. 42	No. of meetings attended
			(16 May 2022)	(20 September 2022)	
Current Board Members of the period that started on 01/07/2022					
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	Board Chairman	✓	✓	2 of 2
2.	Mr. Bader Abdullah Alissa	Board Vice Chairman	✓	✓	2 of 2
3.	Eng. Mutaz Qusai Al Azzawi	Member and Chairman of IC	✓	✓	2 of 2
4.	Mr. Fahad Abdullah Al Kassim	Member and Chairman of AC	✓	✓	2 of 2
5.	Mr. Mohammed Ibrahim Alissa	Member	✓	✓	2 of 2
6.	Mr. Rakan Abdulaziz Al Fadl	Member and Chairman of RNC	✓	✓	2 of 2
7.	Mr. Bader Hamad Al Rabiah	Member	✓	✓	2 of 2
8.	Mr. Ahmad Abdulrahman Al Humaidan (Non-executive Board member as of 01/07/2022)	Member	NA	✓	1 of 1
9.	Mr. Ahmed Waza Al Qahtani (Non-executive Board member as of 01/07/2022)	Member	NA	✓	1 of 1
10.	Mr. Isam Majid Al Muhaidib (Non-executive Board member as of 01/07/2022)	Member	NA	✓	1 of 1
11.	Mr. Waled Abdullah Ghreri (Independent Board member as of 01/07/2022)	Member	NA	✓	1 of 1
Previous Board Members of the term that ended on 30/06/2022					
-	Mr. Abdulaziz Khaled Al Ghufaily	Member	✓	NA	1 of 1
-	Mr. Essam Abdulkadir Al Muhaidib	Member	✓	NA	1 of 1
-	Mr. Abdulrahman Mohammed Ramzi Addas	Member	✓	NA	1 of 1
-	Dr. Adnan Abdulfattah Soufi	Member	✓	NA	1 of 1

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

b) Board Committees:

b-1) Remuneration and Nomination Committee:

• Meetings and role of the Committee:

The Remuneration and Nomination Committee (RNC) consists of 5 members who are Independent and Non-Executive Board members and external experts with experience in the field of the Committee's mandates. The Committee held (3) meetings during 2022. During its meetings the RNC followed up its responsibilities in the field of remuneration, nominations and Corporate Governance. A summary of the main responsibilities of the Committee, statement of its membership and attendance during the year are as follows:

• Summary of Committee role, duties and main responsibilities:

The Committee shall assume responsibilities related to 3 areas, namely Remuneration, Nomination and Corporate Governance, and will update the Board regularly about its activities. The Committee's duties and responsibilities include:

a) With regards to Remuneration:

Prepare a clear remuneration policy for Board members, its Committees and the Executive Management and clarify the relationship between the paid remuneration and the adopted remuneration policy and highlight any material deviation from that policy. In addition, review the remuneration policy periodically and assess its effectiveness in achieving its objectives.

b) With regards to Nomination:

Recommend clear policies and standards for Board membership, Executive Management and Savola's representatives in its subsidiaries and associates, review the requirements suitable for membership of the Board and Executive Management annually and assess the performance of the Board in terms of strengths and weaknesses and recommend necessary solutions in the best interests of the Company. Ensure on an annual basis, the independence of independent directors and the absence of any conflicts of interest if a Board member also acts as a member of the board of another company.

c) With regards to Corporate Governance (CG):

Ensure that the Company is in compliance with CG regulation issued by CMA and the Company's CG Manual and policies, and review; update CG Manual and rules pursuant to statutory requirements and best practices; as well as review and develop a code of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements, and comply with best practices; Regularly inform the Board members of the developments in corporate governance and best practices, as well as all the competences stipulated in Article (91) of the CG regulation issued by CMA.

For more details about the role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website (www.savola.com).

It is worth mentioning that CMA has amended its regulations in light of the new companies law and the Group is currently working on adjusting its position in accordance with these amendments including amending the Remuneration and Nomination Committee Charter, which will be presented to the nearest shareholders' general assembly for approval.

• Statement of attendance for Committee meetings held during 2022:

No.	Member	Meetings during 2022			Total
		30 January	15 March	12 September	
Remuneration and Nomination Committee Members of the period that started on 01/07/2022					
1.	Mr. Rakan Abdulaziz Al Fadl (Chairman) (Independent Savola Board member)	✓	✓	✓	3 of 3
2.	Mr. Bader Abdullah Alissa (Non-Executive Savola Board member)	✓	✓	✓	3 of 3
3.	Mr. Johan Brand (Independent external member)	✓	✓	✓	3 of 3
4.	Mr. Ahmed Waza Al Qahtani (Non-Executive Savola Board member)	NA	NA	✓	1 of 1
5.	Mr. Bader Hamed Al Rabiah (Independent Savola Board member)	NA	NA	✓	1 of 1
-	Mr. Morhaf Mohammed Alsamman (Committee Secretary)	✓	✓	✓	3 of 3
Previous Remuneration and Nomination Committee Members of the period that ended on 30/06/2022					
-	Mr. Abdulrahman Mohammed Ramzi Addas (Independent Savola Board member)	✓	✓	NA	2 of 2
-	Mr. Essam Abdulkadir Al Muhaidib (Non-Executive Savola Board member)	✓	✓	NA	2 of 2

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

c-2) Investment Committee:

• Meetings and role of the Committee:

The Investment Committee consists of 5 members, all of them are Non-Executive and Independent Board members. The Committee held (6) meetings during 2022 to enhance the role of the Board in following and implementing the strategic plans in relation to investment opportunities. Below is a summary of the Committee's role, responsibilities, membership, and the number of meetings held during 2022:

• Summary of Committee role, duties and main responsibilities:

Review and recommend to the Board for its approval an overall capital allocation framework and implementation model for the Company's investment activities, which takes into account relevant factors such as return on invested capital targets and benchmarks, allocation guidelines and limits, risks limits and strategic objectives. Review and recommend to the Board for its approval investment opportunities, acquisitions, joint ventures or divestitures all in accordance with the Company's existing delegation of authority matrices that are approved by the Board. In addition, to review the balance sheet impact of specific proposed transactions including funding requirements and the impact on the Company's liquidity and debt ratios as part of determining whether to recommend them to the Board for approval.

For more details about the role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website (www.savola.com).

• Statement of attendance for Committee meetings held during 2022:

No.	Member	Meetings during 2022						Total
		30 January	15 May	19 June	21 July	12 September	27 October	
Investment Committee Members of the period that started on 01/07/2022								
1.	Eng. Mutaz Qusai AlAzzawi (Chairman) (Non-Executive Savola Board member)	✓	✓	✓	✓	✓	✓	6 of 6
2.	Mr. Mohammed Ibrahim Alissa (Independent Savola Board member)	✓	✓	✓	✓	✓	✓	6 of 6
3.	Mr. Ahmed Abdulrahman Al Humeidan (Non-Executive Savola Board member)	NA	NA	NA	✓	✓	✓	3 of 3
4.	Mr. Isam Majid Al Muhaidib (Non-Executive Savola Board member)	NA	NA	NA	✓	✓	✓	3 of 3
5.	Mr. Waled Abdullah Al Ghleri (Independent Savola Group member)	NA	NA	NA	✓	✓	✓	3 of 3
-	Mr. Elnour Ali Saad (Committee Secretary)	✓	✓	✓	✓	✓	✓	6 of 6
Previous Investment Committee Members of the period that ended on 30/06/2022								
	Mr. Abdulaziz Khaled Al Ghufaily (Non-Executive Savola Board member)	✓	✓	✓	NA	NA	NA	3 of 3
	Dr. Adnan Abdulfattah Soufi (Non-Executive Savola Board member)	✓	✓	✓	NA	NA	NA	3 of 3
	Mr. Fahad Abdullah Al-Kassim* (Non-Executive Savola Board member)	✓	✓	✓	NA	NA	NA	3 of 3

*Mr. Fahad Abdullah Al Kassim was an independent member from 01/07/2019 up until 30/06/2022. However, his membership has been reclassified to a non-executive member as of 01/07/2022 in accordance with Article (19) of the Corporate Governance Regulations.

d) Assessment of the Board of Directors, Committees, and members performance:

Savola has been conducting Board effectiveness reviews since 2009 aiming to identify the strengths and weaknesses of the Board and Committees, with a view to propose solutions in the best interest of the Company. In line with this practice, and under the RNC supervision, Savola Group continued following its adapted methods in this regard:

- Governance Compass continued to conduct Board Meeting Effectiveness (BME) surveys to assess the effectiveness of the Board and Committees meetings, members' participation and interaction in the discussions during the meetings to reach informed decisions that enhance the Company's performance, and ability to achieve its objectives, this process was continued during the first half of 2022 until the end of the Board's previous term on 30/06/2022 and the results were shared with the Board and an action plan has been developed to address the recommendations and its implementation.
- Regarding the new Board & Committees office term that commenced as of 1st July 2022, the assessment and evaluation of the Board & its Committees shall be conducted after completion of 1 year of their terms i.e., after mid of 2023 as per CMA Corporate Governance Regulations.
- The Board of Directors conducted two workshops during 2022, the first workshop was held on 30 October 2022 for a full day, which comprised of several activities including materials and presentations on strategic transformation, maximizing shareholder value, evaluating companies and international practices and experiments in this field all of which were presented by a specialized external consultant. The second workshop was held on 17 December 2022 for a full day, and it was a continuation of the same previous topics run by the same consultant and it discussed the ways on how to implement such good practices on how to unlock the value and how to reflect them on Savola Group's investment portfolio.

e) Remuneration of the Board, Committee members and Executive Management

e-1) General standards for Remuneration:

The shareholders' AGM held on 2 November 2017 approved the Remuneration Policy of the Board of Directors, Committees and Executive Management. This policy regulates the remuneration of the Board of Directors, Committees and the Executive Management of Savola Group to meet the provisions of paragraph (1) of Article (58) of the CMA Corporate Governance Regulation.

The Remuneration and Nomination Committee (RNC) responsibilities include recommending to the Board the remuneration of the Board, its Committees and the Executive Management in accordance with the approved criteria, as follows:

1. Be proportionate to Savola's activities and the required skills for its management.
2. The variable part of the remuneration shall be linked to the long-term performance.
3. Remuneration shall be consistent with the strategy, objectives, the magnitude, nature and level of risks faced by Savola.
4. Benchmarking shall be used to take into consideration the remuneration practices of other companies. The disadvantages of such comparisons that might lead to unjustifiable increases in remuneration and compensation shall be avoided.
5. Shall be prepared in coordination with the RNC with respect to new appointments.
6. Remuneration shall be based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.
7. Be fair and proportionate to the Board or Committee members' activities carried out and responsibilities borne by the Board or Committee members, in addition to the objectives set out by the Board to be achieved during the financial year.
8. Take into consideration the sector in which Savola operates, its size and experience of its Board members.
9. Be reasonably sufficient to attract and retain highly qualified and experienced board members.
10. The remuneration of different Board members may vary depending on the Board member's experience, expertise, duties he/she undertakes and independence and number of Board meetings he/she attended in addition to other considerations.
11. The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the Board or the Executive Management in order to prevent abuse of power to obtain unmerited remunerations.
12. If the Company developed a program to grant some of its shares to Board members, Executive Management and employees; whether it is a new issue or shares purchased by the Company, the RNC shall supervise this program in light of the Company's bylaws and the relevant CMA laws and regulations.

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

e-2) Summary of the Remuneration Policy of the Board and Committees:

- The remuneration of Savola Board members may consist of a specified sum; an attendance fee; allowance; other in-kind benefits; a certain percentage of the net profits; or a combination of 2 or more of these benefits. In no event, shall the remuneration of a Board member exceed the limit stated in the Companies Law and CMA regulations. The remuneration of the various Board members may vary in light of the policy recommended by the RNC and approved by the GA. The policy stipulated that the annual remuneration of the Board member shall be SAR 200,000 and an attendance fee of SAR 5,000 for the session, as well as the other expenses related to the Board activity.
- The remuneration of Independent Board members shall not be a percentage of the profits that are realized by Savola, nor shall it be based directly or indirectly on Savola's profitability.
- The Board shall determine and approve its Committee's remuneration – excluding the Audit Committee remuneration, attendance fees and other benefits based on the RNC recommendation.
- Committee member remuneration shall consist of an annual remuneration of SAR 100,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- Audit Committee members' remuneration shall be determined by the General Assembly based on the Board's recommendation as per the regulations, which was approved to be SAR 150,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- The remuneration policy of the Board and Committees shall be reviewed from time to time by the RNC, provided that any recommended changes are presented by the Board to the General Assembly in the next meeting for approval.

e-3) Summary of the Remuneration Policy of the Executive Management:

The RNC shall review and approve the salary scale and the incentive scheme for all employees and Executive Management, on a regular basis, based on the management recommendations and the Executive Management's remuneration which includes:

- Basic salary (to be paid on a monthly basis at the end of each Gregorian month).
- Allowances that include, but are not limited to, housing, transportation, children's education/school fees and phone allowances.
- Medical insurance benefits for all employees and Executive Management and eligible family members.
- Life insurance policy (including events of partial or permanent disability and natural or unnatural death).
- Annual bonus based on KPIs/SMART associated with individual annual appraisal evaluation.
- Short-term incentive plans linked with extraordinary/exceptional performance and long-term incentive plans such as stock option programs (whenever it exists).
- Other benefits include, but are not limited to, annual leave, annual air tickets, executive airport services and end of service benefits according to labor law and HR policies adopted by the Company.
- Executive Management team's compensation plans, programs and general guidelines shall be approved by the RNC.
- The CEO implements the remuneration policy for all employees and Executive Management in light of the plans, programs and general guidelines approved by the RNC.

For more details about the Remuneration Policy for the Board, Committees and the Executive Management of Savola Group, please refer to the policies on Savola's website (www.savola.com).

It is worth mentioning- as stated previously- that CMA has amended its regulations in light of the new companies law and the Group is currently working on adjusting its position in accordance with these amendments including amending the Policies, Standards and procedures for the membership of Savola Group's Board of Directors, which will be presented to the nearest shareholders' general assembly for approval.

e-4) Remuneration of the Board Members

Below are the details of Board members' remunerations for the year 2022 (SAR):

No.	Member name	Title	Specific amount	Fixed remunerations					Variable remunerations					Aggregate amount	Expenses allowance	
				Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	The value of the granted shares			Total
First: Independent Directors																
1.	Mr. Bader Hamad Al Rabiah	Member	200,000	35,000	30,000	-	-	-	-	-	-	-	-	-	265,000	34,200
2.	Mr. Rakan Abdulaziz Al Fadl	Member	200,000	35,000	15,000	-	-	-	-	-	-	-	-	-	250,000	6,300
3.	Mr. Waled Abdullah Al Ghreri	Member	100,000	25,000	15,000	-	-	-	-	-	-	-	-	-	140,000	9,300
4.	Mr. Mohammed Ibrahim Alissa	Member	200,000	35,000	60,000	-	-	-	-	-	-	-	-	-	295,000	25,200
Second: Non-Executive Directors																
5.	Mr. Sulaiman Abdulkadir Al Muhaidib (Not a member of any Committee)	Chairman	200,000	35,000	N/A	-	-	-	-	-	-	-	-	-	235,000	21,900
6.	Mr. Bader Abdullah Alissa	V-Chairman	200,000	35,000	15,000	-	-	-	-	-	-	-	-	-	250,000	21,900
7.	Mr. Fahad Abdullah Al Kassim*	Member	200,000	35,000	45,000	-	-	-	-	-	-	-	-	-	280,000	25,200
8.	Eng. Mutaz Ousai Al Azzawi	Member	200,000	35,000	30,000	-	-	-	-	-	-	-	-	-	265,000	28,571
9.	Mr. Isam Majid Al Muhaidib	Member	100,000	25,000	15,000	-	-	-	-	-	-	-	-	-	140,000	23,400
10.	Mr. Ahmad Abdulrahman Al Humaidan	Member	100,000	25,000	15,000	-	-	-	-	-	-	-	-	-	140,000	9,300
11.	Mr. Ahmad Waza Al Qahtani	Member	100,000	25,000	5,000	-	-	-	-	-	-	-	-	-	130,000	9,300
Third: Ex-Board Directors of the previous term that ended on 30/06/2022																
-	Mr. Abdulrahman Mohammed Ramzi Addas	Previous Member	100,000	10,000	10,000	-	-	-	-	-	-	-	-	-	120,000	-
-	Mr. Essam Abdulkadir Al Muhaidib	Previous Member	100,000	10,000	10,000	-	-	-	-	-	-	-	-	-	120,000	7,100
-	Mr. Abdulaziz Khalid Al Ghufaily	Previous Member	100,000	10,000	15,000	-	-	-	-	-	-	-	-	-	125,000	12,600
-	Dr. Adnan Abdulfattah Soufi	Previous Member	100,000	10,000	15,000	-	-	-	-	-	-	-	-	-	125,000	-
Total			2,200,000	385,000	295,000	-	-	-	-	-	-	-	-	-	2,880,000	234,271

*Mr. Fahad Abdullah Al Kassim was an independent member from 01/07/2019 up until 30/06/2022. However, his membership has been reclassified to a non-executive member as of 01/07/2022 in accordance with Article (19) of the Corporate Governance Regulations.

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

e-5) Remuneration of Committees members:

Below are the details of Committees members' remunerations for the year 2022 (SAR):

No.	Committee / member name	Title	Fixed remuneration (excluding the allowance for attending Board meetings)	Attendance fees 5,000) per meeting)	Total	Expenses allowance
Audit Committee Members:						
1.	Mr. Fahad Abdullah Al Kassim* (Non-Executive, Savola Board member)	Chairman	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
2.	Mr. Mohammed Ibrahim Alissa (Independent, Savola Board member)	Member	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
3.	Mr. Bader Hamad Al-Rabiah (Independent, Savola Board member)	Member	150,000	25,000	180,000	Mentioned in the previous Board remuneration table
4.	Mr. Tareq Abdullah Al-Garaawy (Independent, External member)	Member	150,000	30,000	180,000	0
5.	Dr. Jassim Shaheen Al Rumihi (Independent, External member)	Member (as of 01/10/2022)	37,500	5,000	42,500	3,885
Ex-Audit Committee Members for the term that ended on 30/09/2022:						
-	Dr. Abdul Raouf Suliman Banaja (Independent, External member)	Previous Member	112,500	20,000	132,500	N/A
Total			750,000	140,000	895,000	3,885
Remuneration and Nomination Committee Members:						
1.	Mr. Rakan Abdulaziz Al Fadl (Independent, Savola Board member)	Chairman	100,000	20,000	120,000	Mentioned in the previous Board remuneration table
2.	Mr. Bader Abdullah Alissa (Non-Executive, Savola Board member)	Member	100,000	20,000	120,000	Mentioned in the previous Board remuneration table
3.	Mr. Ahmed Waza Al Qahtani (Non-Executive, Savola Board member)	Member (as of 01/07/2022)	50,000	5,000	55,000	Mentioned in the previous Board remuneration table
4.	Mr. Bader Hamad Al Rabiah (Independent, Savola Board member)	Member (as of 01/07/2022)	50,000	5,000	55,000	Mentioned in the previous Board remuneration table
5.	Mr. Johan Brand (Independent, External member)	Member	100,000	20,000	120,000	0
Ex-Remuneration and Nomination Committee Members for the term that ended on 30/06/2022:						
-	Mr. Essam Abdulkadir Al Muhaidib (Non-Executive, Savola Board member)	Member	50,000	10,000	60,000	Mentioned in the previous Board remuneration table
-	Mr. Abdulrahman Mohammed Ramzi Addas (Independent, Savola Board member)	Member	50,000	10,000	60,000	Mentioned in the previous Board remuneration table
Total			500,000	90,000	590,000	0
Investment Committee Members:						
1.	Eng. Mutaz Qusai Al Azzawi (Non-Executive, Savola Board member)	Chairman	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
2.	Mr. Ahmed A. Al Humaidan (Non-Executive Board Member)	Member (as of 01/07/2022)	50,000	15,000	65,000	Mentioned in the previous Board remuneration table
3.	Mr. Isam M. Al Muhaidib (Non-executive Board Member)	Member (as of 01/07/2022)	50,000	15,000	65,000	Mentioned in the previous Board remuneration table
4.	Mr. Mohammed Ibrahim Alissa (Independent, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
5.	Mr. Waled A. Al Ghreri (Independent Board Member)	Member (as of 01/07/2022)	50,000	15,000	65,000	Mentioned in the previous Board remuneration table
Ex-Investment Committee Members for the term that ended on 30/06/2022:						
-	Mr. Abdulaziz Khaled Al Ghufaily (Non-Executive, Savola Board member)	Previous Member	50,000	15,000	65,000	Mentioned in the previous Board remuneration table
-	Mr. Fahad Abdullah Al Kassim* (Non-Executive, Savola Board member)	Previous Member	50,000	15,000	65,000	Mentioned in the previous Board remuneration table
-	Dr. Adnan Abdulfattah Soufi (Non-Executive, Savola Board member)	Previous Member	50,000	15,000	65,000	Mentioned in the previous Board remuneration table
Total			500,000	150,000	650,000	-

* Mr. Fahad Abdullah Al Kassim was an independent member from 01/07/2019 up until 30/06/2022. However, his membership has been reclassified to a non-executive member as of 01/07/2022 in accordance with Article (19) of the Corporate Governance Regulations.

d-6) Senior Executives' compensation of Savola Group for 2022:

Compensation and benefits paid to 5 Senior Executives including the CEO and CFO of the Group during 2022 were:

No.	Description	Senior executives' (5 in total) compensation including the CEO and the CFO (SAR '000s)
Fixed remuneration		
-	Salaries	11,823
-	Allowances (including housing, transportation, health insurance, education allowance, etc.)	4,138
-	In-kind benefits	661
	Total of fixed remuneration	16,622
Variable remuneration		
-	Periodic remuneration	-
-	Profits	-
-	Short-term incentive plans (including performance-related bonus for 2022)	18,073
-	Long-term incentive plans	-
-	The value of the Granted shares	-
	Total of variable remuneration	18,073
-	End of service award	1,196
-	Total remuneration for Board executives, if any	-
	Grand total	35,891

Clarification: The Group has complied with the disclosure of the components of the senior executives' remuneration on aggregate in line with the requirements of subparagraph (a) of paragraph (4) of Article 90 of the Corporate Governance Regulations issued by CMA, but to protect the interests of the Company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed senior executives' remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.

e-7) The relation between the paid remuneration and the adopted Remuneration Policy:

Based on the remuneration policy of the Board of Directors and its Committees and Executive Management, mentioned earlier in this Report, and in light of the remuneration paid for the Board, its committees, and the Executive Management and what is proposed for the Board, it shows Savola conforming with the approved policy without any material deviation from it.

GOVERNANCE AND COMPLIANCE REPORT AND RELATED DISCLOSURES

f) Description of any interest of the Board Members, senior executives and their relatives

f-1) Description of any interest of the Board members and their relatives in shares or debt instruments of the Company:

Board members and their relatives:							
No.	Names of members whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
First: Board members:							
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	1,000	-	1,000	-	0	0%
2.	Mr. Bader Abdullah Alissa	1,025	-	1,025	-	0	0%
3.	Mr. Ahmed Waza Al Qahtani	0	-	0	-	0	0%
4.	Mr. Ahmad Abdulrahman Al Humaidan	0	-	0	-	0	0%
5.	Eng. Mutaz Qusai Al Azzawi	1,000	-	1,000	-	0	0%
6.	Mr. Fahad Abdullah Al Kassim	2,000	-	2,000	-	0	0%
7.	Mr. Mohammed Ibrahim Alissa	1,000	-	1,000	-	0	0%
8.	Mr. Isam Majed Al Muhaidib	1	-	24,029	-	24,028	99.99%
9.	Mr. Waled Abdullah Al Ghreri	0	-	675	-	675	100%
10.	Mr. Rakan Abdulaziz Al Fadl	142,060	-	142,060	-	0	0%
11.	Mr. Bader Hamad Al Rabiah	2,500	-	2,500	-	0	0%
Second: Board members' relatives: N/A							
Third: Board members for the previous office term that ended on 30/06/2022:							
1.	Dr. Adnan Abdulfattah Soufi	1,000	-	1,000	-	0	0%
2.	Mr. Abdulaziz Khaled Al Ghufaily	1,000	-	1,000	-	0	0%
3.	Mr. Abdulrahman Mohammed Ramzi Addas	1,000	-	1,000	-	0	0%
4.	Mr. Essam Abdulkadir Al Muhaidib	2,500	-	2,500	-	0	0%
Fourth: Relatives of Ex-Board members for the previous office term that ended on 30/06/2022: N/A							

f-2) Description of any interest of the senior executives and their relatives in shares or debt instruments of the Company:

Senior Executives and their relatives:							
No.	Names of executives whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
First: Senior Executives:							
1.	Mr. Waleed Khalid Fatani (Savola Group CEO)	26	-	4,826	-	4,800	99.47%
2.	Mr. Sameh Hassan (Savola Foods Co. CEO)	0	-	0	-	0	0%
3.	Dr. Bander Talaat Hamooh (Panda Retail Co. CEO)	26	-	26	-	0	0%
4.	Mr. Wajid Usman Khan (Chief Financial Officer)	0	-	0	-	0	0%
5.	Mr. Mohammed Nasr (Chief Investment Officer)	0	-	0	-	0	0%
6.	Mr. Elnour Ali Saad (Chief Corporate Governance and Legal Affairs Officer & Board Secretary)	7,800	-	15,340	-	7,540	49.16%
7.	Mr. Morhaf Mohammed Alsamman (Chief Human Resources & Corporate Services Officer)	0	-	0	-	0	0%
Second: Senior executives' relatives: N/A							

g) The major Board resolutions and important events during the year, which some of them announced through Tadawul or were published in the Company website:

No.	Date	Resolutions / Announcement subject
1.	30/01/2022	Announcement of the opening of nomination for membership to the Board for the next office term
2.	01/02/2022	Approval of Interim Financial Results for the Period Ended on 31-12-2021 (Twelve Months)
3.	01/02/2022	The Board Recommendation to Distribute Cash Dividends to its Shareholders for the Year 2021
4.	13/02/2022	Announcement of the Results of the Company's Shares Buy-Back (Second Phase)
5.	28/03/2022	Approval of the Annual Financial Results for the year ended on 31-12-2021
6.	12/04/2022	Savola Group invites its shareholders to attend its General Assembly Meeting (No. 41) (First Meeting)
7.	11/05/2022	Savola Group Announces to its Shareholders the Commencement Date of the Electronic Voting on the Agenda of its General Assembly Meeting (AGM) No. 41 (First Meeting)
8.	16/05/2022	Approval of the Interim Financial Results for the Period ended on 31-03-2022 (Three Months)
9.	17/05/2022	Savola Group Announces the Results of the General Assembly Meeting (No. 41) (First Meeting)
10.	30/06/2022	Announcement of the Appointment of the Chairman, Vice Chairman, and the Committees Formation
11.	11/08/2022	Announcement of the Signature of a binding Share Sale Agreement of Savola Group's Shares in Knowledge Economic City Company and Knowledge Economic City Developers Company Limited for an amount of SAR 459.26 million
12.	24/08/2022	Approval of the Interim Financial Results for the Period ended on 30-06-2022 (Six Months)
13.	28/08/2022	Savola Group invites its shareholders to attend its General Assembly Meeting (No. 42) (First Meeting)
14.	15/09/2022	Savola Group Announces to its Shareholders the Commencement Date of the Electronic Voting on the Agenda of its General Assembly Meeting (AGM) No. 42 (First Meeting)
15.	21/09/2022	Savola Group Announces the Results of the General Assembly Meeting (No. 42) (First Meeting)
16.	30/10/2022	Approval of the Interim Financial Results for the Period ended on 30-09-2022 (Nine Months)
17.	30/11/2022	Savola Group Announces an update of the Share Sale Agreement of its stake in Knowledge Economic City Company and Knowledge Economic City Developers Company Limited for an amount of SAR 459.26 million and obtaining a "No- Objection Certificate" from the General Authority for Competition regarding the economic concentration related to the said transaction.
18.	29/12/2022	Savola Group Announces the completion of sale regulatory requirements regarding the Share Sale Agreement of its stakes in Knowledge Economic City Company and Knowledge Economic City Developers Company Limited for an amount of SAR 459 million.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

h) Shareholders' rights and investor relations:

Illustrating Savola's commitment to enhancing its relationship with shareholders, investors and all stakeholders, and because of the Group's strong beliefs in the importance of corporate governance to protect shareholders' rights and maintain effective internal controls through the activation of the Board and its Committees' roles, and commitment to the principles of disclosure and transparency, during 2022, the Group continued to implement and comply with the Corporate Governance Regulations of Saudi Arabia's Capital Market Authority and other relevant regulations. In addition to the performance and financial results previously outlined, Savola discloses information that is of interest to its shareholders and investor community in line with relevant regulations and best international practices adopted by the Group in corporate governance and transparency. These are:

h-1) Shareholder rights and mechanisms of communication:

Due to the Group's belief, interest, and care in the rights of its shareholders, and in light of applicable regulations, these rights form part of Savola's bylaws and Corporate Governance Manual, which can be viewed on Savola's website.

h-2) Enable shareholders and investors to access information:

Savola publishes financial statements, announcements, and key decisions on the Saudi Stock Exchange (Tadawul) website and in the annual Directors' Report. A dedicated department manages and deals with shareholder affairs and responds to their enquiries.

h-3) Procedures for informing the Board members of the shareholders' suggestions and notes on the Company and its performance:

Keeping the Board members informed of the shareholders' proposals and comments on the Company and its performance through the following procedures:

1. Presenting the shareholders' proposals and comments (if any) to the Board members at the nearest meeting or any other effective means of communication to achieve the purpose on an ongoing basis.
2. Organizing continuous meetings with investors (Investor Relation Programs) and briefing the Board on the substantive proposals they make.
3. The Board members are attending the General Assembly meetings where shareholders raise their suggestions to the Board during the meeting and the Board responds to these suggestions during the meeting.

In addition, the Chairman of the Board discusses the shareholders' suggestions (if any) and the performance without the presence of any of the executives (whenever deemed necessary).

h-4) Savola Group equity profile as of 31 December 2022:

No.	Detail	Value in SAR/Number of shares
1.	Company authorized capital	SAR 5,339,806,840
2.	Issued shares (all Company's shares are ordinary shares) *	533,980,684 Shares
3.	Floated issued shares (by Tadawul records) **	532,495,448 Shares
4.	Paid-up capital	SAR 5,339,806,840
5.	Nominal value per share	SAR 10
6.	Paid-up value per share	SAR 10

Declaration:

* The Group does not have preferred shares or shares with special priority rights of voting, issued to either shareholders, Board of Directors or employees. All shares of the Group are ordinary shares of equal nominal value and rank equally in voting rights and other rights as specified by regulations.

** The total number of floated shares changes from time to time based on the trading movement of Savola Group shares on the Saudi Stock Exchange. Please note that the number of floated shares has been taken from Tadawul's records on 1 March 2022.

h-5) Dates of key events for shareholders and investors:

In accordance with international best practice in Corporate Governance, Savola shares the dates of key anticipated events during 2023 which may be of interest to our valued shareholders and investors:

No.	Dates 2023	Key events for 2023
1.	7 February	Audit Committee meeting to review company performance updates.
2.	7 February	Board of Directors' meeting regarding company performance updates.
3.	26 March	Audit Committee meeting regarding the audited financial results for 2022
4.	26-27 March	The annual financial results for 2022 will be approved by Board of Directors
5.	27-28 March	Date of publishing the Annual Financial Results of year 2022 on Tadawul and then Savola website
6.	28-31 March	Date of publishing the Savola Group Annual Report for 2022
7.	Within one week after financial results announcement	Earning call for Institutional investors and Analysts regarding financial results for 2022.
8.	10 May	Audit Committee meeting to recommend to the Board approval of the financial results for the first quarter of 2023
9.	10 May	Board of Directors' meeting regarding the financial results for the first quarter of 2023 which will be announced in the light of the Board's decision during the prescribed period
10.	10 May	Hold the Annual General Meeting (AGM) which will be announced as per regulation (proposed date subject to the approval of the official authorities)
11.	Within one week after financial results announcement	Earning call for Institutional investors and Analysts regarding financial results for Q1, 2023.
12.	8 August	Audit Committee meeting to recommend to the Board approval of the financial results for the second quarter of 2023
13.	8 August	Date of publishing the financial results for the second quarter of 2023 on Tadawul once approved by the Board based on the recommendation of the Audit Committee
14.	Within one week after financial results announcement	Earning call for Institutional investors and Analysts regarding financial results for Q2, 2023.
15.	7 November	Audit Committee meeting to recommend to the Board approval of the financial results for the third quarter of 2023
16.	7 November	Board of Directors' meeting regarding the financial results for the third quarter of 2023 which will be announced in the light of the Board's decision during the prescribed period
17.	Within one week after financial results announcement	Earning call for Institutional investors and Analysts regarding financial results for Q3, 2023.
18.	2 nd half of 2023	Conduct annual workshop for the Board of Directors to review the strategy for the Group and its subsidiaries.
19.	During the 2 nd quarter of 2023	Date of publishing the Savola Group Sustainability Report for 2022

Note: Savola would like to point out that the above dates are approximate and may change according to notifications received from official authorities. Although Savola is determined to carry out these events on the planned dates, we assume no obligation from failure to do so.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

h-6) The Dividends Distribution Policy:

a) The policy:

As per Article (45) of the Company bylaws the Company's annual net profits shall be distributed as follows:

- 10% of the net profits shall be set aside to form a statutory reserve. However, the ordinary general assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
- The ordinary general assembly may decide to allocate other reserves, in the amount that serves the Company's interests or ensures distribution of stable profits as much as possible to shareholders. The said assembly may, as well, deduct from the net profits such amounts as are required for the setting-up of or providing aid to social institutions for the Company's employees.
- The remaining profits shall be distributed to shareholders pursuant to a recommendation of the Board of Directors as required by the regulations in this regard, taking into account the provisions of Article (46) of the bylaws which states that:
 - Shareholder shall be entitled to his share of dividends as per the general assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the maturity date and the distribution date. The entitlement of profits shall be to the shareholders who are registered in the shareholders' records at the end of the maturity date.
 - The Company may, under its bylaws, distribute interim dividends (quarterly or bi-annual) to its shareholders after fulfilling the statutory requirements.
- In light of the dividends policy and the Group's bylaws, the Group used to distribute cash dividends in the range of 50% to 60% of the net profit achieved during each financial year based on the Board of Directors' recommendations.

It is worth mentioning- as stated previously- that CMA has amended its regulations in light of the new companies law and the Group is currently working on adjusting its position in accordance with these amendments including amending the above-mentioned Dividends Distribution Policy, which will be presented to the nearest shareholders' general assembly for approval as part of the Articles of Association amendments.

b) Dividends proposed for distribution for 2022 and their payment process:

In light of the above Dividends Distribution Policy, and in light of the achieved net profit amounted to 742.75 million for the year 2022, the Savola Group Board recommended on 27th March 2023 the distribution of 352.42 million (i.e. SAR 0.66 per share) as cash dividends for the year 2022, which represents 6.6% of the Company nominal share value. The maturity date for these cash dividends will be for all shareholders who are registered in Tadawul at the end of the second trading day following the day of the Annual General Assembly Meeting (AGM) which will be fixed after securing the formal approval from the relevant official authorities, and accordingly, the said AGM will ratify the above Board's recommendation. The dividends will be paid after the approval of the AGM and will be deposited in the shareholders' accounts as will be detailed in the announcement, which will be published on Tadawul at a later date.

The following statement shows the proposed dividends to be distributed for 2022:

	Percentage of interim dividends distributed during the year	Proposed dividend ratios at the end of the year	Total recommended dividends (SAR)
Percentage	No interim dividends were distributed during the year 2022	6.6%	352.42 million
Total			352.42 million

Shareholder Information and Share Price Data:

As of 29 December 2022, Savola had 102,788 shareholders compared to 107,888 shareholders by the end of last year as per Tadawul records, the following tables provide an overview of Savola's ownership structure including criteria and types:

a) Savola Investors according to nature of investor:

Investor Nature	Percentage of Ownership	Number of Investors	Number of Shares
Corporate Investors	68.32%	102,276	364,766,934
Individual Investors (including share certificates holders)	31.68%	512	169,213,750
Total	100%	102,788	533,980,684

b) Savola Investors according to their nationality:

Investor Nationality	Percentage of Ownership	Number of Investors	Number of Shares
Saudi Investors	89.23%	101,547	476,479,653
Foreign Investors	10.77%	1,241	57,501,031
Total	100%	102,788	533,980,684

c) Savola Investors according to their nature:

Investor Nature	Percentage of Ownership	Number of Investors
Individual Investors (including share certificate holders)	31.69%	102,273
Corporate Investors	47.68%	92
Qualified Foreign Investors (QFI) Funds	7.28%	315
Government Investors	6.21%	13
Mutual Funds	4.42%	24
Qualified Foreign Investors (QFI) Companies	2.17%	60
Qualified Foreign Investors Governmental and Related Entities	0.55%	3
Swap Agreements	0.0011%	5
Foreign Individual Investors	0.0002%	3
Total	100%	102,788

d) Savola Investors according to their the percentage of ownership:

Ownership Size	Percentage of Ownership	Number of Investors
More than 1 million shares	74.24%	43
From 500,000 to less than 1 million shares	4.45%	36
From 100,000 to less than 500,000 shares	7.15%	184
From 50,000 to less than 100,000 shares	2.60%	201
From 10,000 to less than 50,000 shares	4.79%	1,261
From 5,000 to less than 10,000 shares	1.59%	1,251
From 1,000 to less than 5,000 shares	2.62%	6,931
Less than 1,000 shares	2.57%	92,881
Total	100%	102,788

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

e) Savola Investors according to their ownership type:

Ownership Type	Percentage of Ownership	Number of Investors	Number of Shares
Investment Portfolios	99.08%	60,555	529,049,858
Shares Certificates	0.92%	42,233	4,930,826
Total	100%	102,788	533,980,684

f) Share Price Data (SAR)

Share price 1 January 2022	Share price 29 December 2022	Share price 3 years ago	52-week high	52-week low	Change from 2021-2022
31.80	27.45	35.5	39.00	25.85	-13.78

Shares performance summary at the end of each month (high, low, and closing) during the fiscal year 2022 (all information was obtained from the Company's page in the Saudi Stock Exchange – Tadawul's website):

Month	High	Low	Close
January	34.45	34.10	34.10
February	33.90	32.90	33.90
March	36.45	36.00	36.45
April	35.95	35.45	35.70
May	38.00	37.60	37.60
June	34.45	33.60	33.60
July	33.55	33.20	33.20
August	32.80	32.30	32.65
September	28.35	27.90	28.35
October	29.60	29.05	29.30
November	28.50	28.10	28.50
December	28.00	27.20	27.45

h-7) Major shareholders list:

Below are shareholders owning 5% or more of the total shares of the Group, and movements during 2022 (in SAR):

Description of any interest in a class of voting shares held by persons (other than the Company's directors, senior executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year								
No.	Name	Nationality	Shares at the beginning of 2022	Ownership at the beginning of 2022	Shares at the end of 2022	Percentage at the end of 2022	Shares change	Percentage change
1.	Assila Investments Co.	Saudi Company	60,000,000	11.24%	60,000,000	11.24%	0	0%
2.	Abdulkadir Al Muhaidib & Sons Co.	Saudi Company	43,966,110	8.23%	43,966,110	8.23%	0	0%
3.	Mr. Abdullah M.A. Al Rabiah	Saudi National	43,892,500	8.22%	43,892,500	8.22%	0	0%
4.	Al Muhaidib Holding Co.	Saudi Company	33,980,684	6.36%	33,980,684	6.36%	0	0%

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Group confirms that it has not received any written notification during 2022 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 December 2022.

h-8) Details of retained Treasury Shares and their purposes for 2022:

Date of retention	Number of retained Treasury Shares	Value of the retained Treasury Shares	Purpose of keeping the shares as Treasury Shares
13 September 2020	341,675	SAR 16,508,713	To retain the shares as Treasury Shares under the Employees LTIP which aims to attract and retain outstanding talent and to motivate them to further strengthen their performance to achieve Savola Group objectives. The shares will be transferred to the eligible employees as per the program conditions and policy approved by the Board after the vesting period elapses (i.e. after 3 years from the allocation date) according to each tranche starting date.
9 September 2021	349,076	SAR 13,924,773	
10 February 2022	637,955	SAR 21,427,934	
Total shares bought for the program	1,328,706	-	
Total shares transferred to beneficiaries according to the program policy	18,760	-	
Total of Retained Treasury Shares as of 31st Dec. 2022	1,309,946	-	

h-9) Numbers of Company's requests of shareholders records, dates and reasons thereof for 2022:

No.	Date of request 2022	Reason
1.	January 30th, February 28th, March 31st, June 30th, December 29th	(5 Reports) Company Procedures
2.	May 16, September 20	(2 Reports) regarding the General Assembly
3.	18 May	Dividends File to determine eligibility
Total		8

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Corporate action

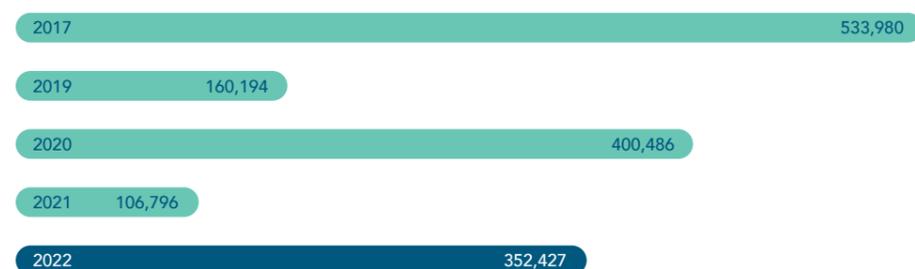
No.	New Capital	Previous Capital	Issue Type	Date
1	5,339,806,840	5,000,000,000	Acquisition	04 November 2013
2	5,000,000,000	3,750,000,000	Bonus Shares	25 March 2008
3	3,750,000,000	3,000,000,000	Bonus Shares	11 October 2006
4	3,000,000,000	1,800,000,000	Bonus Shares	15 April 2006
5	1,800,000,000	1,500,000,000	Right Issue	16 November 2005

Dividends

Year	Dividends per share (SAR)	Total of Dividends distributed/ declared for the year (SAR'000s)	Net income (SAR'000s)	Percentage
2016	0.75	400,486	(363,287)	-
2017	1	533,980	1,025,618	52.06%
2018	0	-	(520,380)	-
2019	0.30	160,194	475,630	33.68%
2020	0.75	400,486	910,802	43.97%
2021	0.20	106,796	221,879	48.13%
2022	0.66	352,427	742,752	47.45%

Total of Dividends distributed/ declared for the year

(SAR'000s)



i) Transactions with related parties that took place during 2022, these transactions will be renewed for the upcoming year in the upcoming AGM meeting as per laws and regulation in this regard:

Information relating to any business or contract to which the Company is a party and in which a Board member, a senior executive or any person related to any of them is or was of interest:

1) Transactions and contracts with a direct or indirect interest between the Company and Abdulkadir Al Muhaidib & Sons Co. and Al Muhaidib Group and their subsidiaries or any person related to any of them:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2022	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ senior executive or any person related to any one of them
a. Savola and Al Muhaidib:					
Business or contract in which Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries or any person related to any of them has direct or indirect interest. The total amount of the transactions is SAR 465.76 million.					
1.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Mayar Foods Co.	SAR 122.39 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, payment method, pricing, delivery, delay penalties, etc.)	Annually	Business and commercial contracts between Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries are executed with some of Savola subsidiaries in the Food and Retail Sectors. Also, Abdulkadir Al Muhaidib & Sons Co. owns 8.23% of Savola shares. Mr. Sulaiman Abdulkadir Al Muhaidib who is the chairman of Abdulkadir Al Muhaidib & Sons Co. Group as well as the Chairman of Savola, in addition to, Mr. Isam Majed Almuhaideb who is a Board member in Savola Group and in the Executive Management of Al Muhaidib Group.
2.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Del Monte Saudi Arabia	SAR 66.02 million			
3.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Nestle Group and its subsidiaries.	SAR 243.14 million			
4.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Manhal Water Factory Co. Ltd.	SAR 6.15 million			
5.	Leasing spaces to sell its products along with trading foods products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Almhaj Alshamiyah Trading Co.	SAR 18.58 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)		
6.	Scrap sales by Panda Retail Co. (a subsidiary of Savola) to Waste Collection & Recycling Company	SAR 9.37 million			
7.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Zohoor Alreef Co.	SAR 106 thousand			
8.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Al Jazirah Dates & Food Factory	SAR 3.1 thousand			
Total		SAR 465.76 million			

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

2) Transactions and contracts with a direct or indirect interest between the Company and Almarai Co.:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2022	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ senior executive or any person related to any one of them
b. Savola and Almarai Co:					
Business or contract in which Almarai Co. and its subsidiaries, or any person related to any of them, has a direct or indirect interest. The total amount of the transactions is SAR 855.53 million.					
1.	Purchasing consumer foods goods by Panda Retail Co. (a subsidiary of Savola) from Almarai Co. and its subsidiaries	SAR 715.48 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Both Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Alissa are Board members in Almarai as well as Savola Group. In addition to Mr. Walid Fatani Group CEO who is a member of Almarai Board.
2.	Selling sugar by United Sugar Company (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 66.78 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Both Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Alissa are Board members in Almarai as well as Savola Group. In addition to Mr. Walid Fatani Group CEO who is a member of Almarai Board.
3.	Selling specialty fats products by International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 73.27 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Both Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Alissa are Board members in Almarai as well as Savola Group. In addition to Mr. Walid Fatani Group CEO who is a member of Almarai Board.
Total		SAR 855.53 million			

3) Transactions and contracts with a direct or indirect interest between the Company and Herfy Food Services Co.:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2022	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ senior executive or any person related to any one of them
c. Savola and Herfy Co:					
Business or contract in which Herfy Food Services Co. and its subsidiaries or any person related to any of them has direct or indirect interest. The total amount of the transactions is SAR 62.40 million.					
1.	Leasing shops and retail purchases of food products by Panda Retail Co. (a subsidiary of Savola) to/from Herfy Food Services Co.	SAR 35.36 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Eng. Mutaz Qusai Al Azzawi, who is the Chairman of Herfy Board, and Herfy Board member Mr. Isam Majed Almuheidib are both Board members in Savola Group. Also Mr. Waleed Fatani Group CEO who is a Board member in Herfy
2.	Selling edible oil products by Afia International (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 18.20 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Eng. Mutaz Qusai Al Azzawi, who is the Chairman of Herfy Board, and Herfy Board member Mr. Isam Majed Almuheidib are both Board members in Savola Group. Also Mr. Waleed Fatani Group CEO who is a Board member in Herfy
3.	Selling sugar by United Sugar Co. (a subsidiary of Savola Food Co.) to Herfy Food Services Co.	SAR 3.28 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Eng. Mutaz Qusai Al Azzawi, who is the Chairman of Herfy Board, and Herfy Board member Mr. Isam Majed Almuheidib are both Board members in Savola Group. Also Mr. Waleed Fatani Group CEO who is a Board member in Herfy
4.	The sale of specialty fats products by the International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 5.56 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Eng. Mutaz Qusai Al Azzawi, who is the Chairman of Herfy Board, and Herfy Board member Mr. Isam Majed Almuheidib are both Board members in Savola Group. Also Mr. Waleed Fatani Group CEO who is a Board member in Herfy
Total		SAR 62.40 million			

4) Transactions and contracts with a direct or indirect interest between the Company and other companies:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2022	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ senior executive or any person related to any one of them
1.	Leasing of shop by Panda Retail Co. (a subsidiary of Savola) from Dur Hospitality Co.	SAR 18 million	In the ordinary course of business and general commercial terms worked without any preferential treatment including renewal, payment methods, maintenance, insurance, etc.	Annually	Mr. Badr Abdullah Alissa is a Board member and Mr. Fahad Abdullah Al Kassim are both Board members in Dur Hospitality and Savola Group.

j) A description of any transaction between the Company and any related party:

The following transactions mainly represent sale and purchase of products and leases of stores in the normal course of business with associates and other entities related to subsidiaries. The terms of such transactions are mutually agreed between the parties, with the same conditions and with no preference over third parties:

No.	Related party	Relationship	Transaction	Duration	Value/Amount
1.	Arabian Centers Company – Al Hokair	Shareholder of a subsidiary	Non-trade	During 2022	SAR 27.98 million
2.	Khairat Al Sharq for General Trade and Manufacturing Foodstuff Company	Associate	Non-trade	During 2022	SAR 15.29 million
3.	United Sugar Co. Egypt – SFC	Associate	Non-trade	During 2022	SAR 63.42 million

k) Related Party Transactions which requiring disclosure according to the regulatory requirements:

1) Transactions and contracts taking place during 2022 in which a member of the Executive Management has a direct or indirect interest in it:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2022	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ senior executive or any person related to any one of them
1.	Leasing of shops by Panda Retail Co. (a subsidiary of Savola) from Kinan International for Real Estate Development Co.	SAR 28.28 million	In the ordinary course of business and general commercial terms worked without any preferential treatment including renewal, payment methods, maintenance, insurance, etc.	Annually	Group CEO Mr. Waleed Fatani is a Board member in Kinan.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

2) One-off and conditional transactions approved by the Shareholders' General Assembly in its meeting conducted on 20 September 2022:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2022	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ senior executive or any person related to any one of them
1.	Share Sale Agreement with Taiba Investments Company to sell Savola Group's entire shares in Knowledge Economic City Company as the Group owns 11.47 % in Knowledge Economic City Company directly and indirectly (direct shareholding of 6.40% and in direct shareholding of 5.07% through Knowledge Economic City Developers (LLC)), the said Share Sale Agreement will include the sale of shares owned by the Group in both Knowledge Economic City Company and Knowledge Economic City Developers Company Limited.	SAR 459 million	Obtaining the necessary approval from the regulatory or contractual parties, and the approval of the shareholders' general assembly of Savola Group and the Taiba Investment Co.	One-off	Mr. Badr Abdullah Alissa - Vice Chairman of the Board of Directors, Mr. Mohamed Ibrahim Alissa - Member of the Board of Directors, Eng. Mutaz Qusai Al Azzawi - Member of the Board of Directors, Assila Investment Company (a major shareholder).

l) Competing businesses with the Company or any of its activities engaged in during 2022, and will be presented in the upcoming AGM meeting for approval as per laws and regulation in this regard:

l-1) Competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses in accordance with paragraph 42 of Article 87 Corporate Governance Regulations:

No.	Board member engaging in or was engaging in competing businesses	Nature and conditions of competing business
1.	Mr. Sulaiman Abdulkadir Al Muhaidib* (Non-executive Board member)	The competing businesses- directly and indirectly- relate to the ownership and management of Al-Mehbaj Company (one of Abdulkadir Al-Muhaidib & Sons Companies), which is a company that specializes food retail, specifically nuts, coffee, grains, spices, dried fruits, and dehydrated vegetables. The mentioned activities are considered a competitor to Bayara Company Holding Ltd., one of the subsidiaries of Savola Foods Company (one of the wholly owned subsidiaries of Savola Group), a company engaged in the manufacture and distribution of healthy snacks (raw and roasted nuts, dates, seeds, dried fruits, sweets) and cooking spices (herbs, spices and pulses).
2.	Mr. Isam Majed Al Muhaidib (Non-executive Board member)	
3.	Mr. Essam Abdulkadir Al Muhaidib* (Non-executive Ex-Board member for the term ending on 30/06/2022)	

* Note: It is worth noting that the approval of the Ordinary General Assembly was obtained in its meeting held on 16/05/2022 regarding the participation in the above-mentioned competing business, and the approval will be renewed at the nearest general assembly of shareholders in accordance with the regulations pertaining to this subject.

m) What has/has not been implemented of the CG regulations, CG procedure and effectiveness, and initiatives:

m-1) Board Declaration according to CMA CG Regulations for 2022:

As per the CG regulations requirement for the Company to make a declaration regarding non-applicable or non-existing matters, the Board undertakes the following:

No.	Declaration/Confirmation
1.	The External Auditors' report for the year 2022 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements.
2.	The Company's books and records comply with the accounting standards issued by SOCPA.
3.	There was no recommendation by the Board of Directors to replace the External Auditors (KPMG), appointed for the fiscal year of 2022 to audit the Group's financials and they were not replaced during the year.
4.	The External Auditors did not provide consultancy services to the Group during 2022 and did not receive any fees in this regard.
5.	The Board of Directors did not receive any request from the External Auditor to convene a General Assembly.
6.	The Company has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered into by a Board member with third parties.
7.	There were no penalties or precautionary attachments imposed on the Company by the Capital Market Authority, or by any other supervisory, regulatory or judicial body.
8.	The Company has avoided taking any action that might hamper the use of shareholders' voting rights.
9.	The Company did not receive any request to convene a General Assembly or a request to add one or more items to the agenda upon its preparation from a number of shareholders whose shareholdings represent at least 5% of the equity share capital.
10.	The Chairman of the Board did not receive a written request to call for an unscheduled meeting from any 2 or more of the Board members during 2022.
11.	The Board of Directors did not waive any of the Company's debts during the year 2022.
12.	There is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors and their relatives in the shares or debt instruments of the subsidiaries except as mentioned in this Report in (f-3) regarding the ownership of some of them in Herfy Food Services Co.
13.	There is no interest, contractual documents and subscription rights of senior executives and their relatives in the shares or debt instruments of subsidiaries. Note: The Company has disclosed the conflict of interest for Board Members and Senior Executives and their relatives.
14.	There are no debt instruments issued to Savola Group and its subsidiaries except as detailed in this Report in the loans section.
15.	There is no class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year.
16.	There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.
17.	There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the Company and those purchased by its affiliates.
18.	There are no interests in any class of voting shares for anyone (except to the Board members and senior executives and their relatives) who have notified the Company with these interests, and any changes in these rights during the last fiscal year.

No.	Declaration/Confirmation
19.	<p>A description of waiving any salary or compensation by an arrangement or agreement with:</p> <p>A Director: (applicable): Mr. Sulaiman Abdulkadir Al Muhaidib (the Chairman of the Board of Directors), has donated his annual Board remuneration, attendance allowance, expenses allowance for the fiscal year 2022 of SAR 256,900 to support the Group's Employee Takaful Fund.</p> <p>A senior executive of the Group: (not applicable).</p>
20.	There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.
21.	<p>The Board confirms that:</p> <p>A) The Company's accounting records were properly prepared.</p> <p>B) Savola Group's internal control systems and procedures were properly developed and effectively executed.</p> <p>C) There are no doubts about the Group's ability to continue its business activities.</p>
22.	There was no recommendation by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject any recommendations regarding the appointment of the Company's external auditor, its dismissal, the determination of its fees, the performance evaluation or the appointment of the internal auditor during the year.
23.	The Company issued during July 2019, Sukuk pursuant to a new Program in an aggregate amount of SAR 1 billion, some were issued for monetary consideration, and some exchanged with the previous Sukuk issued in 2013; while the remainder issued under the previous Program were redeemed on its original maturity date (due in January 2020).

m-2) Procedure set by the Group to monitor the effectiveness of Savola's CG Code:

- The Group has a Corporate Governance (CG) Manual which was developed and approved for the first time in 2004 and has been updated in line with the CG regulations issued by the CMA and international best practice in CG and transparency. The Company has reviewed and updated its CG framework and policies during 2017-2019 following the issuance of the Corporate Governance Regulations in February 2017 and the amendment issued in 2018, and all updates were approved by the competent administrative bodies, whether the Board of Directors or the General Assembly (where applicable).
- The CG Committee role was added to the RNC's responsibilities and duties, and the committee charter was amended accordingly and was approved by the General Assembly. Also, the Board of Directors and the Executive Management monitor the Corporate Governance requirements. In addition, the Compliance Officer has a support team at Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolution regarding CG and submit regular reports to the Board. The Group Board and CEO supervise the overall implementation and development of the governance code in general.
- The Group appoints from time-to-time CG Expert Firms in order to enhance its CG practices to meet regional and international best practices in this field.
- The Group shares its CG experience with local, regional and international rating agencies and institutions with the objective to identify its strengths and weaknesses and accordingly develop a plan for improvement.
- The Group has disclosed its CG framework and all policies in this respect on its website (www.savola.com).

m-3) What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications: The Company applies all the provisions of the Corporate Governance Regulations issued by the CMA, except for the following optional items:

No.	Article/ Clause No.	The Article/Clause	Reasons for not adopting optional items:
1.	Article 39 (Optional)	The Assessment: "The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees ..."	Savola Group has developed the necessary mechanisms to assess its Board members and committee members and has been consistently performing annual assessments since 2009 with the aim of identifying strengths and weaknesses and proposing solutions to address them in a manner commensurate with the company's interest. However, given that the new Board office term commenced on 01/07/2022, the assessment and evaluation of the Board shall be conducted after completion of 1 year of its term i.e. after mid of 2023 as per CMA Corporate Governance Regulations.
2.	Article 51 (c) (Optional)	Audit Committee Formation: "The chairman of the audit committee shall be an Independent Director"	The current Chairman of the Audit Committee, Mr. Fahad Abdullah Al Kassim, was an independent member up to June 2022; however, his classification was changed to a Non-Executive Director as of 01/07/2022 as per Article 19 of CMA Corporate Governance Regulations as he has completed nine years since he joined the Board membership. Mr. Fahad Al Kassim has vast experience in the field of finance, accounting, and auditing. In addition, he has served the longest out of all the Audit Committee members in the committee membership.
3.	Article 67 (optional)	Composition of the Risk Management Committee (RMC): "The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance."	Risk Management Committee from Executives were formed at Group level, and its charter was developed and approved, Also, the Committee has assumed its duties in supervising the risk management team. Moreover, there is a risk management department established under the leadership of a specialized Risk Management Officer and the Risk Management policy was approved by the Board. The Risk Management Officer is currently working with the departments, on Group and subsidiaries level, to enhance the role of the current risk department further and carry out the Risk Management role, activities, and procedures. Also, the Company is working on implementing a Governance, Risk and Compliance system across Savola Group to effectively enhance the participation of the Board and the Executive Management team in the risk management process to ensure a unified vision of the risks faced by the Group and its subsidiaries. The RMC will be formed by the Board after completion of the infrastructure of risk management department and whenever it deems necessary.
4.	Article 68 (optional)	Competencies of the Risk Management Committee	The RMC has not been formed due to the above-mentioned reasons in No. (3).
5.	Article 69 (optional)	Meetings of the Risk Management Committee: "The Risk Management Committee shall convene periodically at least once every 6 months and as may be necessary."	The RMC has not been formed due to the above-mentioned reasons in No. (3).
6.	Article 92 (optional)	Formation of a Corporate Governance Committee: "If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (91) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually."	There is no standalone committee for Corporate Governance, however, to ensure and monitor the implementation of CG requirements, the CG role was added to the RNC responsibilities and duties, and the committee charter was amended and approved by the AGM. Also, the CG requirements are overseen and monitored by the Board of Directors and the top Executive Management, in addition, there is a CG and Compliance Department with qualified team members at the Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions issued regarding CG and submit regular reports to the Board. In addition, the Board and CEO supervise the overall implementation and development of the governance code.

Savola Group Audit Committee Report for the year ended December 31, 2022

Introduction

The Audit Committee of Savola Group was formed, and its charter was adopted by a resolution issued by the general assembly of shareholders in light of the regularity requirements. As new companies' law was published during the second half of 2022 which shall enter into force along with its Regulations from 19 January 2023, the Group is in the process of adapting the new companies' law and will make the necessary amendment concerning the Audit Committee, as well as presenting it to the general assembly of shareholders in the nearest meeting for their approval.

We are pleased to share with you Savola Group Audit Committee Report for the year 2022, prepared in line with the requirements of the Companies Law, the Regulations and Rules of the Capital Market Authority and the Committee's charter.

1- Appointment

Savola Group Audit Committee was appointed at the Extraordinary General Assembly Meeting No. (41), held on Monday, 16 May 2022, corresponding to 15 Shawwal 1443H in which the formation of the Audit Committee and the charter describing its functions, responsibilities and guidelines were approved, as well as remuneration of selected members for the new office term for three years, beginning from 1 October 2022 to 30 September 2025. The appointment includes Mr. Fahad Abdullah Al Kassim (as a non-executive Board member), Mr. Tareq Abdullah Al-Garaawy (Independent member), Mr. Mohammed Ibrahim Al Issa (Independent Board member), Mr. Bader Hamad Al Rabiah (Independent Board member) and Dr. Jassim Shaheen Al Rumaihi (Independent member) as Audit Committee members after the end of the last office term on 30 September 2022.

Membership Requirement as per the Amended Corporate Governance Regulations:

Article (51) from the amended Corporate Governance Regulations stipulated that half of the audit committee's members must be independent members or from those to whom the issues affecting independence in Article (19) of the Regulation do not apply. In addition, a member of the audit committee shall not be a member of an audit committee of more than five listed joint stock companies at the same time. The Group took the necessary actions to ensure full compliance with the mentioned article.

2- Meetings

In line with its charter, the Audit Committee will convene periodically based on Chairman invitation, at least four times per year, and as may be necessary, and majority attendance of members constitute a quorum whether in person or by proxy. The Committee held six meetings during 2022 and the quorum for each meeting was reached.

3- Savola Group Operating Model

The organizational structure "Operating model" adopted by the Group as a strategic investment holding company reflects the independence of the operational aspects of the Group's subsidiaries.

Conversely, all interaction between the Group's Audit Committee on one hand and its subsidiaries' Audit Committees on the other hand are governed by the Group's representation membership at the Audit Committees of the subsidiaries.

4- Audit Committee members' qualifications:

The schedule below describes current and previous positions, qualifications and experience of the Audit Committee members as follows:

No	Member name	Current positions	Previous positions	Qualifications	Experience
Audit Committee members:					
1.	Mr. Fahad Abdullah Al Kassim	Current and previous positions, qualifications and experience were mentioned earlier in the Director's Report.			
2.	Mr. Mohammed Ibrahim Al Issa				
3.	Mr. Bader Hamad Al Rabia				
4.	Dr. Jassim Shaheen Al Rumaihi	Retired professor, financial consultant, and dedicated administrative officer	Regional Manager of Arab Open University for East Region, Chief Executive Officer of Razan Cognitive Holding and Saudi Constructing Union Company, Head of the Finance and Administration of Faisal Al Qahtani & sons for Trading & Constriction, and Head of the Accounting and Management Information Systems Department, King Fahd University of Petroleum and Minerals.	Ph. D in Accounting from University of Dundee, UK, Master's degree in Accounting from the University of Missouri, United States of America, Bachelor's degree in Accounting from King Saud University.	Has more than 25 years of academic and practical experience, currently working as a dedicated business consultant in the financial and administration fields, and member of several Boards and remuneration & nomination committees of other companies.
5.	Mr. Tareq Abdullah Al-Garaawy	He is currently an audit committee member of Savola Foods Company and other several joint stock companies.	Worked in several companies like Idfa Management & Financial Consultants, and Tatweer Buildings Company (TBC).	<ul style="list-style-type: none"> Bachelor's degree in accountancy from King Saud University in 1996. Master's degree in accountancy from George Washington University in 2002. A Certified Management Accountant, and a member of the Institute of Management Accountants (USA) as well as a member of Institute of Internal Auditors. 	Has more than 23 years' practical experience in financial, accountancy, compliance and consultancy gained from working with several banks such as, Saudi Investment Bank, Saudi Arabia British Bank and Bank Al-Bilad.
Ex-Member of Savola Group Audit Committee for the previous office term ended 30/09/2022 (Updated as of 01/10/2022):					
-	Dr. Abdul Rauf Suliman Banaja	Holds number of memberships in boards and committees such as Audit Committee member in Riyad Bank, Herfy and other joint stock companies.	<ul style="list-style-type: none"> Advisor to the Deputy Governor, the Saudi Arabian Monetary Agency (SAMA) (currently, Saudi Central Bank) Economic Advisor, Ministry of Finance Associate professor at University of Riyadh. 	PhD in Economics, University of California, Santa Barbara, United States, 1981	Assumed several positions in a number of local and regional banks.

AUDIT COMMITTEE REPORT

5- Audit Committee attendance:

The members of the Audit Committee attendance for the meetings of the Audit Committee held during the year 2022 are listed below:

Sr.	Name	30 Jan	24 Mar	16 May	22 Jun	23 Aug	30 Oct	Total
1.	Mr. Fahad Abdullah Al Kassim* (Chairman) (Non-executive, Savola Board member)	✓	✓	✓	✓	✓	✓	6 of 6
2.	Mr. Mohammed Ibrahim Al Issa (Independent, Savola Board member)	✓	✓	✓	✓	✓	✓	6 of 6
3.	Mr. Bader Hamad Al Rabia (Independent, Savola Board member)	✓	✓	X	✓	✓	✓	5 of 6
4.	Mr. Tareq Abdullah Al-Garaawy (Independent, External member)	✓	✓	✓	✓	✓	✓	6 of 6
5.	Dr. Jassim Shaheen Al Rumaihi (Independent, External member)			N/A			✓	1 of 1
-	Mr. Aly Asim Barakat (Committee Secretary)	✓	✓	✓	✓	✓	✓	6 of 6
Ex-Member of Savola Group Audit Committee for the last office term ended 30/09/2022:								
-	Dr. Abdul Raouf Suliman Banaja (Independent, External member)	✓	✓	X	✓	✓	N/A	4 of 5

*Mr. Fahad Abdullah Al Kassim was an independent member from 01/07/2019 up until 30/06/2022. However, his membership has been reclassified to a non-executive member as of 01/07/2022 in accordance with Article (19) of the Corporate Governance Regulations.

6- Audit Committee remuneration for 2022 (Saudi Riyals):

Sr.	Name	Title	Fixed Remuneration (Except for the allowance for attending meetings)	Allowance for attending Meetings	Total	Other expenses
1.	Mr. Fahad Abdullah Al Kassim* (Non-executive, Savola Board member)	Chairman	150,000	30,000	180,000	Mentioned in the Board remuneration
2.	Mr. Mohammed Ibrahim Al Issa (Independent, Savola Board member)	Member	150,000	30,000	180,000	
3.	Mr. Bader Hamad Al Rabia (Independent, Savola Board member)	Member	150,000	25,000	175,000	
4.	Mr. Tareq Abdullah Al-Garaawy (Independent, External member)	Member	150,000	30,000	180,000	-
5.	Dr. Jassim Shaheen Al Rumaihi (Independent, External member)	Member From (1/10/2022)	37,500	5,000	42,500	3,885
Ex-Member of Savola Group Audit Committee for the last office term ended 30/09/2022:						
-	Dr. Abdul Raouf Suliman Banaja (Independent, External member)	Ex-Member	112,500	20,000	132,500	-
Total			750,000	140,000	890,000	3,885

*Mr. Fahad Abdullah Al Kassim was an independent member from 01/07/2019 up until 30/06/2022. However, his membership has been reclassified to a non-executive member as of 01/07/2022 in accordance with Article (19) of the Corporate Governance Regulations.

7- Summary of Audit Committee duties, responsibilities and achievements executed in 2022:

• Financial reporting

Analyzing and recommend to the Group's Board of Directors the approval of the preliminary quarterly results and year-end consolidated financial statements focusing particularly on the reliability of the information disclosed therein, changes in accounting policy, significant and unusual events, reasonableness of accounting estimates for significant issues, as well as compliance with accounting standards and other legal requirements.

• Internal audit

Review and approve the Group's internal audit department plan, scope of activities, methodologies and outputs and ensure whether the function has the necessary authority and resources to carry out its work while maintaining its independence. Review and assess Savola Group internal audit reports and monitor the tracking and follow-up of procedures implementation determining whether appropriate actions are taken in respect of the internal audit recommendations therein.

• External audit

Review the external auditors service delivery plan, scope of work, the results of the financial audits, the relevant audit reports and management letter together with management responses or comments to the audit findings. Ensure that appropriate assistance was given by the Group's executive management team to the external auditors and that no difficulties were encountered during the course of the audit, including any restrictions on the scope of activities or access to required information.

• Related party transactions

Review the results of external auditors limited review of Savola related party transactions for 2022 included in the related party transactions report prepared by the Board of Directors in relation to the related party transactions executed by the company during the year and provide any recommendation to the Board based on the results, if any. Ensure that related party transactions are properly disclosed in the Board of Directors report and audited financial statements.

• Savola Integrity Hotline

Oversee the Group's wide whistleblowing reporting facility "Integrity Hotline" which captures and records matters raised by any stakeholders, including the executive management team, senior managers, employees (permanent, temporary and part-time), shareholders, trainers, clients, individuals, agency staff, consultants, suppliers and vendors.

8- Review of internal control producers and its results at the Group:

The executive management of the Group and its subsidiaries certifies on an annual basis their responsibility for establishing and maintaining internal control procedures designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. The reasonable assurance provided by the signed internal control certifications is supported by the results of a questionnaire completed by all heads of functions across the Group & subsidiaries designed in line with the Internal Control-Integrated Framework published by Committee of Sponsoring Organization (COSO) of the Treadway Commission. The signed internal control certificates for 2022 were handed over and filed with the Group's legal counsel.

The Internal Audit Department at the Group and its subsidiaries execute the annual audit plan approved by the Audit Committee at the Group & its subsidiaries to evaluate the existing condition of internal control procedures focusing on the assessment of the control environment, organization's structure, risks, policies and procedures, segregation of duties and information systems. A random sample of activities within the planned audit area is selected with the objective of testing the effectiveness and efficiency of internal control procedures design and operation. All internal control recommendations resulting from the execution of annual audit plans are communicated to concerned management parties and followed-up by internal audit departments at the Group and its subsidiaries to support continuous improvement of the effectiveness of internal control procedures.

AUDIT COMMITTEE REPORT

The Group's external auditors conducted their audit in accordance with international auditing standards adopted in Saudi Arabia which require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. This resulted in providing an unqualified opinion on the Group's consolidated financial statements for the year ended on December 31, 2022 based on International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Based on the results of the above mentioned procedures, the Group's Audit Committee believes that reasonable assurance was provided regarding the effectiveness of internal control procedures.

However, we emphasize that due to the geographical spread of the Group's operations locally and regionally we cannot conclude exclusively on the comprehensiveness of the internal control procedures, as these procedures in substance, rely on selecting random samples as above mentioned.

Accordingly, the Audit Committees at the Group and its subsidiaries efforts are focused continuously to develop and improve the effectiveness and efficiency of the internal control procedures review mechanism in place across the Group and its subsidiaries.

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Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS as endorsed in KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

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

Impairment testing of non-financial assets

Refer Note 3(b)(ii) for the accounting policy relating to goodwill, Note 3(f) for accounting policy relating to property, plant and equipment, Note 3(g) for the accounting policy relating to intangible assets, Note 3(k) for the accounting policy relating to impairment, Note 3(t) for accounting policy relating to right-of-use assets, Note 4 for the property, plant and equipment disclosure, Note 5 for the right-of-use assets disclosure, Note 6 for the intangible assets and goodwill disclosure and Note 37 for the impairment loss disclosure.

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2022, the carrying value of intangible assets and goodwill amounted to SR 1,797 million (2021: SR 1,858 million), the carrying value of property, plant and equipment and right-of-use (RoU) assets amounted to SR 5,839 million (2021: SR 5,872 million) and SR 3,217 million (2021: 3,313 million) respectively. Impairment reversal / (loss) (net) recognised on the non-financial assets during the year ended December 31, 2022 amounted to SR 65 million (2021: (SR 422 million)).</p> <p>Intangible assets with indefinite useful life and Goodwill are subject to a mandatory annual impairment test and the intangible assets with definite useful life, property, plant and equipment and RoU assets are subject to impairment testing where there are internal or external indicators of impairment. The Group reviews the carrying amounts of these non-financial assets to determine whether their carrying values exceed the recoverable amounts, which is the higher of value in use or the fair value less costs to sell. For the purpose of the Group's impairment assessment, management has used the value in use model, to determine the recoverable amount, under which the future cash flows relating to each Cash Generating Unit (CGU) were discounted and compared to their respective carrying amounts. A value in use model requires input of several key assumptions, including estimates of future sales volumes, prices, operating costs, terminal value, growth rates and discount rates.</p> <p>There is uncertainty in estimating the recoverable amount of non-financial assets which principally arises from the inputs used in both forecasting and discounting future cash flows. A combination of the significance of the asset balances and the inherent uncertainty in the assumptions supporting the valuations of non-financial assets, means that an assessment of their carrying value is one of the key judgmental areas.</p> <p>We considered impairment of non-financial assets that includes intangible assets and goodwill, property, plant and equipment and right of use assets as a key audit matter due to the significant judgment and key assumptions involved in the impairment assessment process.</p>	<p>We performed the following audit procedures in relation to non-financial assets impairment:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Group's accounting policies for measurement of non-financial assets in line with the requirements of International Financial Reporting Standards (IFRS); Assessed the design and implementation, and tested the operating effectiveness of the Group's controls around impairment assessment; Checked the accuracy and completeness of the information produced by management, which was used as the basis of the impairment assessment; Checked mathematical accuracy of the models used by the management; Engaged our internal valuations specialist to assess the key assumptions used in the value in use calculation. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates; Compared forecasts to historical performance and applied our judgement of the future prospects of the business from internal and external sources; Performed a sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the respective CGUs; and Considered the adequacy of the Group's related disclosures in terms of applicable accounting standards.

Valuation of equity-accounted investees

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

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2022, the carrying value of equity-accounted investees amounted to SR 8,943 million (2021: SR 8,986 million).</p> <p>Equity accounted investments are accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures. This has been identified as a key audit matter due to the significance of the amounts involved, the complexities attached to the determination of carrying values at reporting dates, trade and capital transactions with investees and judgment involved in the determination of possible impairment loss.</p>	<p>We performed the following audit procedures in relation to valuation of equity-accounted investees:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Group's accounting policies for measurement of equity accounted investments in line with the requirements of International Financial Reporting Standards (IFRS); Assessed the design and implementation, and tested the operating effectiveness of the Group's controls around recognition and subsequent measurement of Equity accounted investees including the impairment assessment process; Verified components of equity accounted investments from underlying details and supporting documentation; Evaluated the process by which the Group's cash flow forecasts for the equity-accounted investees (where there are indicators of impairment) were developed; Engaged our internal valuations specialist to assess the key assumptions used in the recoverable amount calculation. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates and performed a sensitivity analysis on these key assumptions; Checked the mathematical accuracy of the impairment models; Tested the accuracy and completeness of the information produced by management, which was used for the basis of the impairment assessment; and Considered the adequacy of the Group's equity-accounted investees' disclosures in terms of applicable accounting standards.

Valuation of Inventories

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

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2022, the Group's net inventories balance was SR 4,637 million (2021: SR 3,602 million) net of allowance for slow moving inventories of SR 196 million (2021: SR 174 million).</p> <p>Inventories are stated at the lower of cost and net realizable value and an allowance is made by the Group, where necessary, for obsolete and slow moving inventories. Management determines the level of obsolescence of inventories by considering their nature, ageing profile, expiry dates and sales expectations using historic trends and other qualitative factors.</p> <p>The Group also deals in commodity hedging contracts for its raw sugar inventory. The management accounts for these contracts using the mark-to-market method and reviews the valuation and hedge effectiveness at each reporting period by obtaining broker statements and exchange-quoted price.</p> <p>We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the allowance for slow moving inventories and the level of inventories write down required based on Net Realisable Value (NRV) assessment. Further, the commodity hedging involves the use of complex hedging mechanisms, across multiple hedging strategies, parity differences and price volatility.</p>	<p>We performed the following audit procedures in relation to valuation of inventories:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant accounting standards; Assessed the design and implementation, and tested the operating effectiveness of the Group's control around recognition and subsequent measurement of inventories including the monitoring of the allowance for slow moving items; Evaluated the appropriateness of the Group's policy for allowance for slow moving inventories by performing retrospective testing, comparing historical estimates with actual losses; and current and future expectations with respect to sales; Checked the accuracy of the inventories' ageing report used by the management in its determination of the allowance for slow moving inventories; Attended periodical physical count of inventories on selected locations to identify expired or lost items; Tested the net realisable value of finished goods inventories by considering actual sales post year-end and the assumptions used by the management to check whether inventories are valued at the lower of cost and net realisable value; Engaged our specialist to test management's control over the establishment of the hedging relationship, monitoring hedge effectiveness and appropriateness of methods for mark to market values of derivatives at the reporting date; Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.

Revenue Recognition

Refer Note 3(o) for the accounting policy on inventories and Note 32 for the inventories disclosure.

Key audit matter	How the matter was addressed in our audit
<p>During the year ended December 31, 2022, the Group recognized total revenue of SR 28,055 million (2021: SR 24,669 million).</p> <p>Most of the Group's sales arrangements are considered straightforward, being on a point-in-time basis of recognition and requiring little judgment to be exercised. However, in certain cases the Group provide right of returns to its customers; which increase the level of judgment in revenue recognition at the year-end.</p> <p>Revenue recognition is considered a key audit matter in view of the risk that management may override controls to intentionally misstate revenue transactions in order to achieve financials targets, either through adjusting estimates at the period end or recording fictitious transactions.</p>	<p>We performed the following procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of IFRS; Assessed the design and implementation, and tested the operating effectiveness of the Group's controls, including anti-fraud controls, over the recognition of revenue; Evaluated key contractual and returns arrangements by considering relevant documentation and agreements with the customers; Inspected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; Developed an expectation of the current year revenue based on trend analysis information, taking into account sales volume, average prices and our understanding of each market segment. We then compared this expectation to actual revenue and, where relevant, completed further inquiries and testing; Tested topside journal entries posted to the revenue accounts in the general ledger in order to identify unusual or irregular items; Obtained an understanding of the nature of the revenue contracts entered into by the Group and tested a sample of representative sales contracts to confirm our understanding and assess whether the revenue recognised was in accordance with IFRS 15; and Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Savola Group Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Jeddah, March 28, 2023
Corresponding to Ramadan 6, 1444H

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2022	2021
ASSETS			
Property, plant and equipment	4	5,838,918	5,872,464
Right-of-use assets	5	3,216,969	3,313,227
Intangible assets and goodwill	6	1,797,439	1,857,836
Investment property	8	176,830	68,140
Equity-accounted investees	9	8,942,646	8,986,236
Investments at fair value through other comprehensive income	10	104,428	475,425
Derivative	13	--	2,493
Deferred tax asset	24	33,454	28,803
Non-current assets		20,110,684	20,604,624
Inventories	11	4,637,024	3,601,683
Derivative	13	25	--
Trade receivables	12	1,658,393	1,606,635
Prepayments and other receivables	13	1,492,612	1,331,118
Investments at fair value through profit or loss	10	43,448	27,069
Cash and bank balances	14	1,435,552	1,374,790
Assets held for sale	21	186,910	--
Current assets		9,453,964	7,941,295
TOTAL ASSETS		29,564,648	28,545,919
EQUITY			
Share capital	15	5,339,807	5,339,807
Share premium		342,974	342,974
Shares held under employees' share based payment plan	18	(51,862)	(30,433)
Statutory reserve	16	1,774,085	1,774,085
General reserve		4,000	4,000
Other reserves	17	(452,731)	(104,866)
Effect of transactions with non-controlling interests without change in control		(187,979)	(187,979)
Foreign currency translation reserve		(2,066,346)	(1,899,084)
Retained earnings		3,552,764	2,840,089
Equity attributable to owners of the Company		8,254,712	8,078,593
Non-controlling interests		1,061,981	1,013,220
TOTAL EQUITY		9,316,693	9,091,813
LIABILITIES			
Loans and borrowings	20	4,082,213	5,136,640
Lease liabilities	22	3,156,281	3,288,518
Employee benefits	23	844,487	857,358
Long-term payables		258,456	256,895
Derivative	13	--	164,220
Provision against asset restoration		150,903	148,006
Deferred tax liability	24	111,153	144,349
Non-current liabilities		8,603,493	9,995,986
Loans and borrowings	20	4,062,383	3,324,513
Lease liabilities	22	566,439	568,480
Trade payables	25	3,893,105	2,907,854
Derivative	13	186,274	--
Accrued and other liabilities	26	2,770,552	2,657,273
Liabilities classified as held for sale	21	165,709	--
Current liabilities		11,644,462	9,458,120
TOTAL LIABILITIES		20,247,955	19,454,106
TOTAL EQUITY AND LIABILITIES		29,564,648	28,545,919

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

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

AS AT DECEMBER 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2022	2021
Revenues	32	28,054,703	24,669,163
Cost of revenues	33	(23,180,622)	(20,190,449)
Gross profit		4,874,081	4,478,714
Share of results of equity-accounted investees, net of zakat and tax	9.1	660,581	557,066
Selling and distribution expenses	34	(2,922,739)	(2,726,360)
Administrative expenses	35	(975,492)	(871,259)
Impairment reversal / (loss), net	9 & 37	65,155	(421,866)
Results from operating activities		1,701,586	1,016,295
Finance income		75,151	93,981
Finance cost		(785,247)	(585,424)
Net finance cost	38	(710,096)	(491,443)
Gain on disposal of investments	10	41,871	--
Profit before zakat and income tax		1,033,361	524,852
Zakat and income tax expense	27	(168,476)	(128,738)
Profit for the year		864,885	396,114
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit liability	23	39,612	(24,868)
Investments at fair value through other comprehensive income – net change in fair value	10	(142,841)	50,720
Items that may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(174,494)	84,933
Equity accounted investees - share of other comprehensive income	9.1	(175,507)	(60,408)
Cash flow hedges – effective portion of changes in fair value		(5,550)	(7,481)
Other comprehensive (loss) / income for the year		(458,780)	42,896
Total comprehensive income for the year		406,105	439,010
Profit attributable to:			
Owners of the Company		742,752	221,879
Non-controlling interests		122,133	174,235
Profit for the year		864,885	396,114
Total comprehensive income attributable to:			
Owners of the Company		293,974	254,801
Non-controlling interests		112,131	184,209
Total comprehensive income for the year		406,105	439,010
Earnings per share attributable to the Owners of the Company (in Saudi Riyals):			
Basic and diluted	29	1.39	0.42

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

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	Share capital	Share premium	Share based payment plan	Statutory reserve	General reserve	Other reserves	Effect of transactions with non-controlling interests without change in control	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2021	5,339,807	342,974	(16,509)	1,774,085	4,000	(94,585)	(187,979)	(1,966,648)	3,036,997	8,232,142	932,412	9,164,554
Total comprehensive income / (loss) for the year	--	--	--	--	--	--	--	--	221,879	221,879	174,235	396,114
Profit for the year	--	--	--	--	--	--	--	--	(18,372)	32,922	9,974	42,896
Other comprehensive income / (loss)	--	--	--	--	--	(16,270)	--	67,564	203,507	254,801	184,209	439,010
Charge for equity-settled employees' share based payment plan (Note 18)	--	--	--	--	--	5,989	--	--	--	5,989	58	6,047
Purchase of shares held under employees' share based payment plan (Note 18)	--	--	(13,924)	--	--	--	--	--	--	(13,924)	--	(13,924)
Dividends	--	--	--	--	--	--	--	--	(400,486)	(400,486)	(103,459)	(503,945)
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	71	71	--	71
Balance at December 31, 2021	5,339,807	342,974	(30,433)	1,774,085	4,000	(104,866)	(187,979)	(1,899,084)	2,840,089	8,078,593	1,013,220	9,091,813
Balance at January 1, 2022	5,339,807	342,974	(30,433)	1,774,085	4,000	(104,866)	(187,979)	(1,899,084)	2,840,089	8,078,593	1,013,220	9,091,813
Total comprehensive income / (loss) for the year	--	--	--	--	--	--	--	--	742,752	742,752	122,133	864,885
Profit for the year	--	--	--	--	--	--	--	--	37,472	(448,778)	(10,002)	(458,780)
Other comprehensive income / (loss)	--	--	--	--	--	(318,988)	--	(167,262)	780,224	293,974	112,131	406,105
Charge for equity-settled employees' share based payment plan (Note 18)	--	--	--	--	--	10,219	--	--	--	10,219	56	10,275
Purchase of shares held under employees' share based payment plan (Note 18)	--	--	(21,429)	--	--	--	--	--	--	(21,429)	--	(21,429)
Dividends (Note 15)	--	--	--	--	--	--	--	--	(106,796)	(106,796)	(63,426)	(170,222)
Transfer of fair value reserve of investments designated at FVOCI (Note 10.5)	--	--	--	--	--	(39,096)	--	--	39,096	--	--	--
Dividend on Treasury Shares	--	--	--	--	--	--	--	--	151	151	--	151
Balance at December 31, 2022	5,339,807	342,974	(51,862)	1,774,085	4,000	(452,731)	(187,979)	(2,066,346)	3,552,764	8,254,712	1,061,981	9,316,693

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

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2022	2021
Cash flows from operating activities			
Profit for the year		864,885	396,114
Adjustments for:			
Depreciation and amortisation		1,063,333	1,065,945
Net finance cost	38	710,096	491,443
Share of results of equity accounted investees, net of zakat and tax	9	(660,581)	(557,066)
Share based payment expense	18	10,275	6,047
Impairment (reversal) / loss, net	9 & 37	(65,155)	421,866
Loss on sale of property, plant and equipment		33,863	21,060
Provision for employee benefits	23	128,352	115,566
Zakat and income tax expense	27	168,476	128,738
Gain on disposal of investments	10	(41,871)	--
		2,211,673	2,089,713
Changes in:			
Inventories		(1,332,826)	(628,131)
Trade receivables		(209,695)	(519,334)
Prepayments and other receivables		(214,630)	(249,995)
Trade payables		1,183,412	427,970
Accrued and other liabilities		39,423	268,374
Cash generated from operating activities		1,677,357	1,388,597
Finance cost paid		(401,147)	(350,587)
Zakat and income tax paid	27	(78,404)	(78,657)
Employee benefits paid	23	(93,235)	(94,966)
Net cash from operating activities		1,104,571	864,387
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(823,353)	(360,906)
Acquisition of software	6	(40,014)	(117,786)
Acquisition of investment property	8	(572)	(4,201)
Proceeds from sale of property, plant and equipment		30,575	23,019
Capital distribution from equity accounted investee	9	--	147,704
Acquisition of investments	10	(28,140)	(37,509)
Acquisition of subsidiaries, net of cash acquired	7	--	(977,544)
Proceeds from investments	10.5	459,256	--
Net change in FVTPL investments		(16,379)	(24,277)
Dividends received from equity accounted investments	9	356,827	351,549
Net cash used in investing activities		(61,800)	(999,951)
Cash flows from financing activities			
Net change in loans and borrowings - current		1,201,602	748,159
Net change in loans and borrowings - non-current		(1,012,969)	695,375
Net changes in bank deposits with maturity more than three months		(104,066)	(115,164)
Payment of lease liabilities	22	(677,348)	(648,909)
Dividends paid to the owners of the Company		(107,753)	(402,315)
Dividend paid to non-controlling interests		(63,426)	(103,459)
Purchase of shares held under employees' share based payment plan	18	(21,429)	(13,924)
Net cash (used in) / generated from financing activities		(785,389)	159,763
Net change in cash and cash equivalents		257,382	24,199
Effect of movement in exchange rates on cash and cash equivalents		(175,453)	(1,863)
Cash and cash equivalents at beginning of the year		518,830	496,494
Cash and cash equivalents at December 31	14	600,759	518,830
Supplemental schedule of non-cash financial information:			
Other reserves		(323,898)	(17,169)
Foreign currency translation reserve		(174,494)	84,933
Actuarial reserve	23	39,612	(24,868)
Addition to right-of-use assets	5	349,443	184,874
Addition to lease liabilities	22	349,218	184,875

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

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

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

Subsequent to the year end, the new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to 19 January 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws to the shareholders in its Extraordinary General Assembly meeting for their ratification.

At December 31, 2022, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

(I) Direct subsidiaries of the Company

i) Operating subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Savola Foods Company ("SFC")	Saudi Arabia	Holding company	100	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	98.87	98.87
Good Food Company ("GFC")	Saudi Arabia	Holding company	100	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate	80	80
Herfy Food Services Company ("Herfy")	Saudi Arabia	Restaurant & manufacturing bakery products	49	49

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

The Group considers that it controls Herfy even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Herfy with a 49% equity interest. The remaining 51% of the equity shares in Herfy are widely held by many other shareholders. There is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

ii) Holding and Dormant subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Adeem Arabia Company (Adeem)	Saudi Arabia	Holding company	100	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	100	100
Al Matana Holding Company	Saudi Arabia	Holding company	100	100
Madarek Investment Company	Jordan	Holding company	100	100
United Properties Development Company	Saudi Arabia	Dormant company	100	100

Subsidiaries controlled through Al Matana Holding Company:

SGC Ventures Limited	Cayman Islands	Holding company	100	100
SGC Marketplace Venture	Cayman Islands	Holding company	100	100
SGC Agritech Ventures	Cayman Islands	Holding company	100	--

(II) Savola Foods Company

The Parent Company has a 100% (December 31, 2021: 100%) ownership interest in Savola Foods Company ("SFC"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 5, 1429H (July 8, 2008).

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

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

Subsidiaries controlled through Savola Foods Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Afia International Company ("AIC")*	Saudi Arabia	Manufacturing of edible oils	95.19	95.19
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	Holding company	100	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	100	100
Savola Foods Emerging Markets Company Limited	British Virgin Islands (BVI)	Holding company	95.43	95.43
Savola Foods for Sugar Company	Cayman Islands	Holding company	95	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	100	100
International Foods Industries Company ("IFI")	Saudi Arabia	Manufacturing of specialty fats	100	100
Seafood International Two FZCO	UAE	Seafood products trading and distribution	100	100
Afia Arabia for Foods	Saudi Arabia	Dormant company	100	100
Seafood International Holdco	Cayman Islands	Holding company	100	100
Al Maoun International Holding Company	Saudi Arabia	Holding company	100	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	100	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	100	100
Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding Company	100	100
SIFCO				
Bayara Holding Limited	Cayman Islands	Holding company	100	100
Bayara FZE Limited	UAE	Holding Company	100	100
Savola Snacks *	Egypt	Manufacturing of snacks	99	--

* The Group's subsidiary, Savola Snacks entered into an Asset Purchase Agreement dated May 17, 2022 to acquire property, plant and equipment in Egypt against a total consideration of EGP 622million (equivalent to SR 122 million). In this regard, the consideration amount was transferred to an escrow account on April 5, 2022. During the year, certain assets were acquired and transferred to Savola Snacks and accordingly partial payment of EGP 485 million (equivalent to SR 92 million) was released to the seller. As at the reporting date, residual amount of EGP 137 million (equivalent to SR 20.8 million) is retained in the escrow pending transfer of remaining assets.

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

a) Subsidiaries controlled through Afia International Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Savola Behshahr Company ("SBeC")	Iran	Holding company	90	90
Malintra Holdings	Luxembourg	Dormant company	100	100
Savola Foods Limited ("SFL")	BVI	Holding company	100	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	98.57	98.57
Inveszk Inc.	BVI	Holding company	90	90
Afia Trading International	BVI	Dormant company	100	100
Savola Foods International	BVI	Dormant company	100	100
KUGU Gida Yatum Ve Ticaret A.S ("KUGU")	Turkey	Holding company	100	100
Aseel Food – Hold Co.	Cayman Islands	Holding company	100	100
SBeC				
Behshahr Industrial Company (BIC)	Iran	Manufacturing of edible oils	79.9	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	100	100
Savola Behshahr Sugar Company	Iran	Dormant	100	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	90	90
Behshahr Industrial Company				
Mahsoolat Daryae Ta'm Afarin Saba Company (Sahel)	Iran	Seafood products trading and distribution	100	51
SFL				
Afia International Company, Egypt ("AICE")	Egypt	Manufacturing of edible oils	99.95	99.95
AICE				
Savola For Export and Import	Egypt	Trading and distribution	49	49
KUGU				
Savola Gida Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	100	100

b) Subsidiaries controlled through Savola Industrial Investment Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
United Sugar Company ("USC")	Saudi Arabia	Manufacturing of sugar	74.48	74.48
USC				
Alexandria Sugar Company, Egypt ("ASCE")*	Egypt	Manufacturing of sugar	62.13	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	100	100
ASCE				
Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	100	100

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Savola Morocco Company (Refer Note 21)	Morocco	Manufacturing of edible oils	100	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	100	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	100	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

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

e) Subsidiaries controlled through Al Maoun and Marasina

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

Seafood International One FZCO	UAE	Seafood products distribution	80	80
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* The Group's effective ownership interest in ASCE is 71.66% (December 31, 2021: 71.66%).

g) Subsidiaries controlled through Bayara Holding Limited

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%)	
			December 31, 2022	December 31, 2021
Kandoo Worldwide Limited	BVI	Dormant company	100	100
Kamali Investment Limited	UAE	Holding Company	100	100

h) Subsidiaries controlled through Bayara FZE

GYMA Food Industries**	UAE	Processing of spices, nuts and pulses	100	48
Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	100	100
Profood Holdings Limited (under liquidation)	UAE	Dormant company	100	100

** During the year ended December 31, 2022, the ownership of GYMA Food Industries LLC is transferred to Bayara FZE from Profood Holding Limited. However, there is no change in the effective ownership of GYMA Food Industries LLC for the purpose of these consolidated financial statements.

SAVOLA GROUP COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of Saudi Riyal unless otherwise stated)

i) Subsidiaries controlled through Sea Food International Holdco

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%)	
			December 31, 2022	December 31, 2021
Mahsoolat Daryae Ta'm Afarin Saba Company***	Iran	Seafood products trading and distribution	--	49%

*** During the year, Sea Food International Holdco sold its 49 % stake in Mahsoolat Daryae Ta'm Afarin Saba Company to BIC effective from February 21, 2022, which is treated as common control transaction in these consolidated financial statements and hence transaction was carried out at carrying value.

(III) Panda Retail Company

The Parent Company has a 98.87% (December 31, 2021: 98.87%) ownership interest in Panda Retail Company ("Panda"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 235/G dated Rajab 22, 1431H (July 3, 2010). Prior to its conversion to a closed joint stock company, Panda was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010137417 issued in Riyadh on Rabi-ul-Awal 1, 1416H (July 28, 1995).

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

Subsidiaries controlled through Panda:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Giant Stores Trading Company	Saudi Arabia	Retail	100	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	100	100
Panda International for Retail Trading	Egypt	Retail	100	100
Panda Bakeries Company	Saudi Arabia	Dormant company	100	100
Atabet Al Bab Communications and Information Technology LLC	Saudi Arabia	E-commerce	100	100
Giant				
Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	95	95

(IV) Good Food Company

The Parent Company has a 100% (December 31, 2021: 100%) ownership interest in Good Food Company ("GFC"), which was incorporated as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030603674 issued in Jeddah on Rabi-ul-Thani 21, 1439H (January 8, 2018).

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

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

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2022	December 31, 2021
Variety Food Factory Company	Saudi Arabia	Manufacturing of frozen food	51	51
Al Ahsan Trading Company	Saudi Arabia	Trading and distribution	51	51
Al Helal Imports and Exports Company	Bahrain	Trading and distribution	51	51
Sahar Enterprises Company	UAE	Trading and distribution	51	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	51	51
Al Kabeer Holding Limited	UAE	Holding Company	51	51
Best Foodstuff Trading Company	UAE	Trading and distribution	51	51

Subsidiaries controlled through Al Kabeer Holding Limited

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

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA ("IFRS").

i) Accounting convention / Basis of Measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for investments classified as fair value through other comprehensive income ("FVOCI"), investments classified as fair value through profit or loss ("FVTPL"), firm commitments and inventory under fair value hedging relationship, derivative financial instruments and employee benefits which are recognised at the present value of future obligation using the Projected Unit Credit Method. Certain comparative amounts have been reclassified to conform to the current year's presentation.

ii) Functional and presentation currency

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

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b) Critical accounting estimates and judgments

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

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

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following notes:

- i. Note 3(b)(i) - whether the Group exercises control over an investee
- ii. Note 3(b)(iii) - classification of equity accounted investees
- iii. Note 3(c)(iv) - application of hedge accounting
- iv. Note 3(i) - determining the fair value less cost to sell of the assets classified as held for sale
- v. Note 3 (o) - revenue recognition: whether revenue is recognised over time or at a point in time
- vi. Note 3(t) - lease classification

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements, are described below:

i) Impairment of financial assets

The implementation of business model approach under IFRS 9 require judgement to ensure that financial assets of the Group are classified into the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows. Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy or has failed on the repayments of principal and interest. In other circumstances, the Group uses judgment in order to determine whether a financial asset may be impaired using Expected Credit Loss ("ECL") model. The Group uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. In addition, Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current and forecast information.

ii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to sales. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in product offerings of those products.

iii) Useful lives of property, plant and equipment, investment properties and intangible assets

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

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iv) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

v) Employee benefits – defined benefit obligation

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

vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern for the foreseeable future and is satisfied that it has the resources to discharge its liabilities including the mandatory repayment of loans and borrowings. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Management believes that the repayment of the liabilities will be met out of operating and investing cash flows. Further, the Group has unused bank financing facilities to manage the short term and the long-term liquidity requirements, as disclosed in Note 39.

Based on these factors, the financial statements continue to be prepared on the going concern basis.

vii) Other assumptions

Information about other assumptions and estimation uncertainties is included in the following notes:

- i. Note 3(c) & 39- measurement of fair values
- ii. Note 3(j) - allowance for inventory losses
- iii. Note 3(k) - impairment in financial and non-financial assets
- iv. Note 3(l) - provision against assets restoration
- v. Note 3(m) - measurement of defined benefit obligations

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3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Share based payments arrangements

Equity-settled share-based payment

The grant-date fair value of equity-settled share-based payment plan granted to employees is recognised as an expense on a straight-line basis in the statement of profit or loss, with a corresponding increase in equity as 'Other reserves', over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash-settled share-based payment

The fair value of the amount payable to employees in respect of cash-settled share-based payment arrangement is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the award. Any changes in the liability are recognised in profit or loss.

b) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions from entities under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interest without change in control".

(ii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment loss on goodwill is not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss incurred.

(iii) Interests in equity-accounted investees

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

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

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

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

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

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

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

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(iv) Non-controlling interests

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

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

c) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant finance component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets – initial measurement

On initial measurement, a financial asset is classified as measured at: amortised cost, FVOCI – debt instrument; FVOCI – equity instrument or fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to initial measurement unless the Group changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

Financial assets – Subsequent measurement and gains and losses

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

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

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

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Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Financial liabilities

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

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

(iv) Derivatives

Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedge

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

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

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

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

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging commodity (raw sugar) value risk. The gain or loss relating to the effective portion of the hedging transaction is recognized in the profit or loss within "cost of revenue". The gain or loss relating to the ineffective portion is recognized in the profit or loss within "Finance income or Finance cost". Changes in the fair value of the hedge futures are recognized in the consolidated statement of profit or loss within 'Cost of revenues'.

Other derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in the consolidated statement of profit or loss within "Finance income or Finance cost".

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less and excludes bank overdrafts which are available to the Group without any restrictions that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

d) Segment reporting

An operating segment is a component:

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

Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. For further details of reportable operating segments of Group please refer to Note 31.

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e) Foreign currency translations

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

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

(iii) Hyperinflationary economies

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

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f) Property, plant and equipment

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

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

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

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

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

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets for current and comparative year is as follow:

	Years
Buildings	12.5 - 50
Leasehold improvements	3 - 33
Plant and equipment	3 - 30
Furniture and office equipment	3 - 16
Vehicles	4 - 10

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer to policy on impairment of non-financial assets note 3(k)(ii).

g) Intangible assets

Intangible assets, other than goodwill and brand, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss.

The estimated useful lives of assets for current and comparative year is as follow:

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

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

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

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

Intangible assets acquired by the Group that have indefinite useful lives are measured at cost less accumulated impairment loss. The useful life of such assets is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. These are reviewed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and accumulated impairment loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost subsequently.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of individual items of investment property. The estimated useful lives of investment properties for current and comparative year is as follows:

	Years
Buildings	20 - 33

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of investment property, please refer to policy on impairment of non-financial assets note 3(k)(ii).

i) Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in the profit or loss.

Once classified as held-for-sale, intangible assets, investment property and property and equipment are no longer amortised or depreciated, and any investment in associate is no longer equity accounted.

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j) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. In case of retail business, cost of inventory is net of rebates and commercial income which is based on the contractual terms specified in the agreements with suppliers.

Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Further, inventory may also include gain and losses transferred from marked to market of firm commitment due to fair value hedge accounting and fair valuation impact of inventory price risk being hedged under fair value hedge.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

k) Impairment

i. Financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

For trade receivables and other financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The loss allowance is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For bank balances in which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, the ECL is measured at 12-month ECLs

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

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

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

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

Measurement of ECLs

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

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

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Presentation of allowance for ECL in the statement of financial position

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

ii. Non-financial assets

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

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (the "cash-generating unit, or CGU"). Impairment exists when the carrying value of an asset or CGU exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using applicable discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment loss is recognized in profit or loss. Impairment loss recognized in respect of CGUs is allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

l) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using applicable rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Group records provision for decommissioning costs of manufacturing facility and restoration of leasehold improvements. Such costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a rate that reflects the current market assessments of the time value of money and risks specific to the related liability. The unwinding of the discount is expensed as incurred and recognized in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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m) Employees' end of service benefits

Defined benefit plan

The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

n) Shares held under employees' share based payment plan

Own equity instruments that are reacquired, for discharging obligations under Employees Long Term Incentive Program ("Plan"), are recognised at cost and presented as a deduction from equity and are adjusted for any transaction costs, dividends and gains or losses on sale of such shares. No gain or loss is recognised in the Consolidated Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in Equity.

o) Revenues recognition

Revenue is measured based on the consideration, to which the Group expects to be entitled to, specified in a contract with a customer and is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue from sale of goods

Revenue from sale of goods is recognised in the statement of profit or loss when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

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

Variable consideration

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

Significant financing component

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

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Rental income

The Group leases out various shops situated within its supermarkets and hypermarkets under operating lease agreements. Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Commission income

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

p) Zakat and taxes

The Company and its subsidiaries are subject to zakat and income tax in accordance with the regulations of The Zakat, Tax and Customs Authority ("ZATCA") (previously known as General Authority of Zakat and Income Tax). Company's zakat and its share in zakat of subsidiaries are charged to the consolidated statement of profit or loss and other comprehensive income. Zakat and income tax attributable to other Saudi and foreign shareholders of the consolidated subsidiaries are charged to non-controlling interest in the accompanying consolidated statement of financial position. Additional zakat and income tax liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized. The Company and its Saudi Arabian subsidiaries withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations. Foreign subsidiaries are subject to zakat and income taxes in their respective countries of domicile. Such zakat and income taxes are charged to consolidated statement of profit or loss under zakat and income tax expense.

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current and deferred tax assets and liabilities are offset only if certain criteria are met.

q) Finance income and finance cost

Finance income includes gains on the derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss and other comprehensive income on the date that the Group's right to receive payment is established.

Finance costs comprise of financial charges on borrowings including sukuks and unwinding of the discount on provisions and losses on derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

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r) Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors.

s) Expenses

Selling and distribution expenses and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Selling and distribution expenses are those arising from the Group's efforts underlying the selling and distribution functions. All other expenses are classified as administrative expenses. Allocation of common expense between cost of revenues and selling and distribution and administrative expenses, when required, are made on consistent basis.

t) Leases

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

As a lessee

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

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

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

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

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

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Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and office equipment	Vehicles	Construction work in progress (CWIP)	Total
Cost								
Balance at January 1, 2021	1,433,063	2,708,672	1,583,092	2,860,302	2,757,140	504,519	409,767	12,256,555
Acquisition through Business Combination (Note 7)	388	37,936	--	27,925	30,512	753	44	97,558
Additions	--	5,656	213	20,096	15,183	13,546	306,212	360,906
Disposals / write-off / reversals	(4,798)	(24,354)	(57,748)	(12,489)	(158,690)	(19,746)	(4,465)	(282,290)
Transfer from CWIP	--	21,071	20,006	90,145	66,027	--	(197,249)	--
Hyperinflation adjustment	1,973	3,795	12	77,989	2,270	1,341	2,399	89,779
Effect of movement in exchange rate	(3,066)	(5,599)	(220)	(28,155)	(1,666)	(616)	(5,839)	(45,161)
Balance at December 31, 2021	1,427,560	2,747,177	1,545,355	3,035,813	2,710,776	499,797	510,869	12,477,347
Balance at January 1, 2022	1,427,560	2,747,177	1,545,355	3,035,813	2,710,776	499,797	510,869	12,477,347
Additions	7,682	2,144	4,646	23,265	17,195	5,455	762,966	823,353
Disposals / write-off / reversals	(13,528)	1,461	(43,406)	(10,601)	(399,895)	(38,383)	(406)	(504,758)
Transfer from CWIP	30,806	144,995	123,884	110,951	113,048	13,593	(537,277)	--
Hyperinflation adjustment	7,215	6,166	83	109,985	2,244	574	6,508	132,775
Effect of movement in exchange rate / other adjustments	(27,075)	(49,712)	(14,081)	(291,716)	(28,117)	(10,276)	(57,257)	(478,234)
Transfer to assets classified as held for sale (Note 21)	(4,605)	(17,837)	--	(83,683)	(1,641)	--	(466)	(108,232)
Transfer to Intangible Assets (Note 6)	--	--	--	--	--	--	(17,969)	(17,969)
Transfer to investment property (Note 8)	(35,069)	(78,769)	--	--	--	--	--	(113,838)
Balance at December 31, 2022	1,392,986	2,755,625	1,616,481	2,894,014	2,413,610	470,760	666,968	12,210,444
Accumulated Depreciation / Impairment								
Balance at January 1, 2021	(77,117)	(992,379)	(943,971)	(1,319,354)	(2,288,160)	(407,712)	--	(6,028,693)
Acquisition through Business Combination (Note 7)	--	(20,568)	--	(14,810)	(24,366)	(649)	--	(60,393)
Depreciation for the year	--	(106,257)	(83,376)	(184,879)	(142,809)	(25,289)	--	(542,610)
Disposals / write-off / reversals	--	18,821	47,104	9,303	149,127	16,956	--	241,311
Impairment loss (Note 37)	(83,775)	(50,454)	(41,645)	--	(32,700)	(1,276)	--	(209,850)
Hyperinflation adjustment	--	(4,179)	(5)	(14,429)	(1,195)	(629)	--	(20,437)
Effect of movement in exchange rate / other adjustments	--	1,168	153	13,070	1,238	160	--	15,789
Balance at December 31, 2021	(160,892)	(1,153,848)	(1,021,740)	(1,511,099)	(2,338,865)	(418,439)	--	(6,604,883)
Balance at January 1, 2022	(160,892)	(1,153,848)	(1,021,740)	(1,511,099)	(2,338,865)	(418,439)	--	(6,604,883)
Depreciation for the year	--	(118,417)	(80,662)	(187,316)	(129,255)	(24,121)	--	(539,771)
Disposals / write-off / reversals	--	(6,054)	37,825	6,012	388,653	37,222	--	463,658
Impairment reversal / (loss) (Note 37)	43,360	4,131	8,559	(3,469)	2,710	212	--	55,503
Transfer to assets classified as held for sale (Note 21)	--	14,730	--	57,228	1,531	--	--	73,489
Hyperinflation adjustment	--	(889)	(16)	(20,583)	(634)	(126)	--	(22,248)
Effect of movement in exchange rate / other adjustments	--	26,581	5,735	150,493	18,903	1,014	--	202,726
Balance at December 31, 2022	(117,532)	(1,233,766)	(1,050,299)	(1,508,734)	(2,056,957)	(404,238)	--	(6,371,526)
December 31, 2021	1,266,668	1,593,329	523,615	1,524,714	371,911	81,358	510,869	5,872,464
December 31, 2022	1,275,454	1,521,859	566,182	1,385,280	356,653	66,522	666,968	5,838,918

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

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5. RIGHT-OF-USE ASSETS

The movement of right-of-use assets is as follows:

	Land	Buildings	Plant and equipment	Vehicles	Total
Cost					
Balance as at January 1, 2021	859,556	4,146,278	25	78,654	5,084,513
Acquisition through Business combination (Note 7)	--	26,194	7,112	10,266	43,572
Addition during the year	3,639	171,201	--	10,034	184,874
Leases termination / modification	(17,388)	(268,632)	--	(1,056)	(287,076)
Effect of movement in exchange rate / other adjustments	374	(1,491)	(24)	(2,656)	(3,797)
Balance at December 31, 2021	846,181	4,073,550	7,113	95,242	5,022,086
Balance as at January 1, 2022	846,181	4,073,550	7,113	95,242	5,022,086
Assets held for sale (Note 21)	--	--	--	(4,463)	(4,463)
Addition during the year	282,274	57,505	11	9,653	349,443
Leases termination / modification	(93,564)	73,264	--	(2,461)	(22,761)
Effect of movement in exchange rate / other adjustments	(8,755)	(5,538)	(21)	(1,578)	(15,892)
Balance at December 31, 2022	1,026,136	4,198,781	7,103	96,393	5,328,413
Accumulated Depreciation					
Balance at January 1, 2021	(134,380)	(1,006,761)	(1)	(31,243)	(1,172,385)
Acquisition through Business combination (Note 7)	--	(6,923)	(1,246)	(3,987)	(12,156)
Depreciation for the year	(66,911)	(409,198)	(123)	(19,717)	(495,949)
Leases termination / modification	5,360	90,158	--	713	96,231
Impairment loss (Note 37)	--	(127,409)	--	--	(127,409)
Effect of movement in exchange rate / other adjustments	(65)	560	10	2,304	2,809
Balance at December 31, 2021	(195,996)	(1,459,573)	(1,360)	(51,930)	(1,708,859)
Balance at January 1, 2022	(195,996)	(1,459,573)	(1,360)	(51,930)	(1,708,859)
Assets held for sale (Note 21)	--	--	--	2,847	2,847
Depreciation for the year	(360,201)	(98,737)	(517)	(19,551)	(479,006)
Leases termination / modification	44,667	(15,057)	--	439	30,049
Impairment reversal (Note 37)	37,807	--	--	--	37,807
Effect of movement in exchange rate / other adjustments	1,969	2,697	12	1,040	5,718
Balance at December 31, 2022	(471,754)	(1,570,670)	(1,865)	(67,155)	(2,111,444)
Carrying amounts					
December 31, 2021	650,185	2,613,977	5,753	43,312	3,313,227
December 31, 2022	554,382	2,628,111	5,238	29,238	3,216,969

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6. INTANGIBLE ASSETS AND GOODWILL

6.1 The movement of intangible assets and goodwill is as follows:

	Goodwill	Brands with indefinite useful life	Software	Customer list	Distribution network	Total
Cost						
Balance as at January 1, 2021	486,835	252,271	279,830	75,611	8,480	1,103,027
Acquisition through Business combination (Note 7)	510,555	321,800	1,900	54,700	--	888,955
Additions	--	--	117,786	--	--	117,786
Disposals / write-off	--	--	(8,488)	--	--	(8,488)
Effect of movement in exchange rate	(8,414)	--	(1,423)	--	--	(9,837)
Balance at December 31, 2021	988,976	574,071	389,605	130,311	8,480	2,091,443
Balance as at January 1, 2022	988,976	574,071	389,605	130,311	8,480	2,091,443
Additions	--	--	40,014	--	--	40,014
Reclassification from Property, plant and equipment (Note 4)	--	--	17,969	--	--	17,969
Disposals / write-off	--	--	(23,880)	--	--	(23,880)
Effect of movement in exchange rate	(44,077)	--	(2,241)	--	--	(46,318)
Adjustments under PPA (Note 7)	54,000	(93,800)	--	39,800	--	--
Balance at December 31, 2022	998,899	480,271	421,467	170,111	8,480	2,079,228
Accumulated Depreciation						
Balance at January 1, 2021	--	--	(188,177)	(2,701)	(339)	(191,217)
Acquisition through Business combination (Note 7)	--	--	(1,016)	--	--	(1,016)
Amortisation for the year	--	--	(19,491)	(2,701)	(339)	(22,531)
Disposals / write-off	--	--	5,388	--	--	5,388
Impairment loss (Note 37)	(13,162)	--	(12,620)	--	--	(25,782)
Effect of movement in exchange rate	--	--	1,551	--	--	1,551
Balance at December 31, 2021	(13,162)	--	(214,365)	(5,402)	(678)	(233,607)
Balance at January 1, 2022	(13,162)	--	(214,365)	(5,402)	(678)	(233,607)
Amortisation for the year	--	--	(26,195)	(12,302)	(339)	(38,836)
Disposals / write-off	--	--	543	--	--	543
(Impairment) / reversal during the year (Note 37)	(12,711)	--	1,473	--	--	(11,238)
Effect of movement in exchange rate	--	--	1,349	--	--	1,349
Balance at December 31, 2022	(25,873)	--	(237,195)	(17,704)	(1,017)	(281,789)
Carrying amounts						
December 31, 2021	975,814	574,071	175,240	124,909	7,802	1,857,836
December 31, 2022	973,026	480,271	184,272	152,407	7,463	1,797,439

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6.2 The carrying values of goodwill, after foreign currency translation adjustments, comprises the following:

	December 31, 2022	December 31, 2021
Bayara Holding Limited (Note 7)	530,721	476,721
Savola Industrial Investment Company	145,664	145,664
Giant Stores Trading Company	95,209	95,209
Afia International Company	84,016	84,016
El Maleka for Food Industries Company	43,922	69,020
Herfy Foods Services Company	25,330	25,330
Afia International Company, Egypt	17,991	28,271
United Sugar Company	14,912	14,912
KUGU Gida Yatum Ve Ticaret A.S	7,554	10,868
Atabet Al Bab Communications and Information Technology LLC (Note 37)	--	12,711
Seafood International HoldCo	3,341	7,961
Notrika Golden Wheat Company	2,370	2,786
Behshahr Industrial Company	1,996	2,345
	973,026	975,814

The Group has reviewed the carrying amounts of goodwill to determine whether the carrying values exceeds the recoverable amounts. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using the growth rates, applicable discount rates and a terminal value percentages. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

The calculation of value-in-use is most sensitive to the following assumptions:

a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business. The management has used the Weighted Average Cost of Capital (WACC) to determine the cost of capital rate. The cost of equity has been computed through the Capital Asset Pricing Model.

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The following discount rates have been used which are based on the WACC of respective CGUs:

	Discount Rate %		Terminal growth rate %	
	2022	2021	2022	2021
Savola Industrial Investment Company	10.5	7.3	4.6	2.0
United Sugar Company	10.5	7.3	4.6	2.0
Afia International Company	12.5	7.3	3.6	2.0
El Maleka for Food Industries Company	17.5	13.6	7.7	3.5
KUGU Gida Yatum Ve Ticaret A.S.	20.5	20.4	9.0	12.9
Afia International Company Egypt	21.5	14.0	5.3	3.5
Notrika Golden Wheat Company	32.5	39.9	21.7	18.0
Beshar Industrial Company	34.5	29.8	21.7	18.0
Seafood International HoldCo	29.5	--	21.7	--
Bayara Holding Limited	12.2	--	4.3	--
Giant Stores Trading Company	12.3	10.0	2.0	2.0

b) Key commercial assumptions

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

As at December 31, 2022, there was headroom available aggregating to SR 3,853.3 million (2021: SR 4,247.6 million) between the recoverable amount and the carrying value of above CGUs, therefore, no impairment loss was recognised in these consolidated financial statements.

The following table shows the key mutually exclusive assumptions that would reduce the estimated recoverable values to the carrying amounts:

	Discount rate %	Average EBITDA growth rate %
SIIC / United Sugar Company	11.8	(3.6)
Afia International Company	34.9	(13.9)
El Maleka for Food Industries Company	20.3	(2.4)
KUGU Gida Yatum Ve Ticaret A.S.	22.4	0.1
Afia International Company Egypt	34.4	11.4
Notrika Golden Wheat Company	--	(36.2)
Beshar Industrial Company	36.4	9.3
Sahel (Seafood)	35.6	29.2
Bayara Holding Company	13.1	43.5
Giant Stores Trading Company	30.7	3.2

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7. ACQUISITION OF SUBSIDIARIES

Bayara Holding Limited

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

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations, and accordingly, the assets acquired and liabilities assumed are recorded at estimated fair values at the acquisition date.

The determination of estimated fair values required management to make certain estimates about future cashflows, discount rates, market conditions and future events that are subjective in nature and may require adjustments which can be revisited for up to a year following its acquisition. The net assets of Bayara based on an initial estimate of respective fair values as of October 13, 2021 is presented below:

	October 13, 2021
Property, plant and equipment	37,165
Intangible assets	884
Right-of-use assets	31,416
Inventories	72,490
Trade receivables – net	88,014
Prepayments and other receivables	5,032
Cash and bank balances	8,455
Lease liabilities	(31,941)
Loans and borrowings	(21,992)
Employee benefits	(10,488)
Trade payables and other liabilities	(56,996)
Total identifiable net assets acquired	122,039

The completion of the purchase price allocation (PPA) and valuation exercise was completed within twelve months from the acquisition date, which resulted in the following adjustments to previously reported amounts. These have been adjusted in the current period financial statements as follows:

	Provisional purchase price allocation	Adjustment	Final purchase price allocation
Consideration transferred	975,260	--	975,260
Less: Fair value of identifiable net assets acquired	(122,039)	--	(122,039)
Less: Brands	(321,800)	93,800	(228,000)
Less: Customer List	(54,700)	(39,800)	(94,500)
Goodwill	476,721	54,000	530,721

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8. INVESTMENT PROPERTY

	December 31, 2022	December 31, 2021
Cost		
Balance at beginning of year	119,199	114,998
Additions	572	4,201
Transfer from Property, plant and equipment (Note 4)	113,838	--
Balance at end of year	233,609	119,199
Accumulated depreciation and impairment		
Balance at beginning of year	(51,059)	(46,204)
Depreciation during the year	(5,720)	(4,855)
Balance at end of year	(56,779)	(51,059)
Carrying amounts	176,830	68,140

8.1 During the year, an amount of SR 113.8 million was reclassified from property, plant and equipment related to one of the subsidiaries, due to change in management's intended use of the property.

9. EQUITY-ACCOUNTED INVESTEEES

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

Name	Principal business sector	Country of incorporation	Ownership interest (%)		December 31,	
			2022	2021	2022	2021
Almarai Company ("Almarai")	Fresh food products	Saudi Arabia	34.52	34.52	8,387,491	8,293,365
Kinan International for Real Estate Development Company ("Kinan")	Real Estate	Saudi Arabia	29.9	29.9	356,764	287,612
United Sugar Company, Egypt ("USCE") (Note 9.5)	Sugar Manufacturing	Egypt	33.82	33.82	185,345	227,690
Al-Seera City Company for Real Estate Development (Note 10.5)	Real Estate	Saudi Arabia	--	40	--	143,911
United Edible Oils Holding Limited (Note 21)	Holding Company	Cayman Islands	--	51	--	4,724
Intaj Capital Limited ("Intaj")	Fund management	Republic of Tunisia	49	49	13,046	13,046
Knowledge Economic City Developers Company (Note 10.5)	Real Estate	Saudi Arabia	--	2.07	--	15,888
					8,942,646	8,986,236

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

	2022	2021
Balance at beginning of year	8,986,236	9,054,136
Share in net income, net	660,581	557,066
Fair value reserve adjustment	(175,507)	(60,408)
Capital distribution from equity accounted investee	--	(147,704)
Dividends	(356,827)	(351,549)
Impairment loss (Note 9.5)	(16,917)	(58,825)
Disposal	(154,920)	(6,480)
Balance at end of year	8,942,646	8,986,236

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

	Almarai		Kinan		USCE	
	2022	2021	2022	2021	2022	2021
Percentage ownership interest	34.52	34.52	29.9	29.9	33.82	33.82
Non-current assets	23,947,662	24,652,117	2,221,683	2,044,746	255,521	261,152
Current assets	8,126,308	7,102,185	743,746	784,311	894,257	837,787
Non-current liabilities	10,007,653	8,511,844	559,891	794,423	11,678	19,030
Current liabilities	5,083,452	6,624,045	422,255	289,892	569,198	449,340
Net assets attributable to shareholders (100%)	16,671,360	16,119,494	1,749,895	1,518,618	568,902	630,569
Group's share of net assets	5,754,953	5,564,449	523,219	454,067	192,403	213,258
Carrying amount of interest in associates	8,387,491	8,293,365	356,764	287,612	185,345	227,690
Revenue	18,722,258	15,849,720	647,846	625,707	1,774,224	1,528,424
Profit / (loss) from continuing operations attributable to shareholders (100%)	1,759,812	1,563,543	272,704	178,511	(43,161)	12,838
Other comprehensive income / (loss) attributable to shareholders (100%)	(74,451)	(92,502)	(2,602)	(830)	(18,506)	1,169
Total comprehensive income attributable to shareholders	1,685,361	1,471,041	270,102	177,681	(61,667)	14,007
Group's share of profit and total comprehensive income	439,345	474,531	80,761	53,134	(25,321)	5,664
Dividends received by the Group	345,218	345,218	11,609	6,331	--	--

9.3 As at December 31, 2022, the fair value of Almarai based on quoted market price amounted to SR 18.5 billion (December 31, 2021: SR 16.8 billion).

9.4 Group also has interest in other equity-accounted investees. With an aggregate carrying value of SR 13.0 million (December 31, 2021: SR 177.6 million). The Company's share of losses from these entities amounted to SR 9.6 million (December 31, 2021: SR 36.7 million).

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9.5 During the year ended December 31, 2022, the Group has assessed the carrying value of its investment in USCE and recorded an impairment loss amounting to SR 16.9 million (December 31, 2021: SR 58.8 million). The fair value is assessed using income approach under "IFRS 13 – Fair value measurement".

The significant assumptions used in calculating the fair value at the reporting date are as follows:

EBITDA margin	A 3.9% average positive EBITDA margin is expected during FY23-FY27
Long term growth rate	4.1%
Discount rate	13.5%

- If forecast EBITDA margins decrease by 25bps (average 3.65% over FY23-FY27), the value will decline by SR 30 million.
- If the discount rate increases by 50 bps, the value will decline by SR 16.9 million: and
- If the long-term rate growth rate decreases by 25 bps, the value will decline by SR 4.7 million.

9.6 United Edible Oils Holding Limited loss has exceeded its cost of investment during the year. Further the amount has been included in liabilities classified as held for sale amounting to SR 3.07 million for the year ended December 31, 2022 (Refer note 21).

10. INVESTMENTS

Investments at December 31 comprise the following:

	December 31, 2022	December 31, 2021
Investments held at fair value through other comprehensive income (note 10.1)	104,428	475,425
Investments at fair value through profit or loss	43,448	27,069

10.1 Investments held at fair value through other comprehensive income:

	December 31, 2022	December 31, 2021
Quoted investments (Note 10.2)	55,871	395,884
Unquoted investments	48,557	79,541
	104,428	475,425

10.2 Quoted Investments at fair value through other comprehensive income

	Principal business sector	Country of incorporation	Ownership interest (%)		Amount	
			December 31,		December 31,	
			2022	2021	2022	2021
Quoted investments						
Knowledge Economic City (Refer Note 10.5 below)	Real Estate	Saudi Arabia	--	6.4	--	315,896
Emaar the Economic City	Real Estate	Saudi Arabia	0.9	0.9	55,871	79,988
Arab Phoenix Holdings Company	Real Estate	Jordan	5	5	--	--
					55,871	395,884

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10.3 Movement in the FVOCI investments is as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of year	475,425	387,196
Additions during the year	28,140	37,509
Disposal (Note 10.5)	(256,296)	--
Fair value reserves adjustment (Note 17)	(142,841)	50,720
Balance at end of year	104,428	475,425

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

10.5 During the year, Seera entered into an agreement with its shareholders to return Seera's investment in KECD to its shareholders in proportion to each shareholder's relative ownership in Seera. Accordingly, the Group's investment in Seera was replaced with a direct investment in KECD and consequently, the Group's direct ownership in KECD increased from 2.07% to 20.72%. Legal formalities for the fulfilment of this agreement were completed on May 30, 2022.

As part of the Group's continued focus on exiting from non-core assets, on August 10, 2022, the Group entered into an agreement with Taiba Investment Company for sale of its investments in Knowledge Economic City Company (KEC) and Knowledge Economic City Developers Company Limited (KECD). The sale transaction was completed on December 29, 2022 and generated cash proceeds amounting to SR 459 million, resulting in a gain of SR 39 million (related to KEC), recorded in the Consolidated Statement of Other Comprehensive Income, and a gain of SR 41.9 million (related to KECD), recorded in the Consolidated Statement of Profit or Loss.

11. INVENTORIES

	December 31, 2022	December 31, 2021
Finished products	2,046,971	1,770,393
Raw and packing materials	1,859,009	1,266,437
Work in process	88,777	48,385
Spare parts and supplies	236,694	198,113
Goods in transit	601,246	491,900
	4,832,697	3,775,228
Less: Provision for obsolescence / slow moving inventories	(195,673)	(173,545)
	4,637,024	3,601,683

Inventories have been reduced by SR 177.9 million (December 31, 2021: SR 154.8 million) as a result of the write-down to net realizable value.

Raw materials include raw sugar having cost of SR 98.6 million (December 31, 2021: SR 130.6 million) which are held under a fair value hedge relationship. As at December 31, 2022, the fair value of these raw sugar amounts to SR 107.7 million (December 31, 2021: SR 128.4 million).

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12. TRADE RECEIVABLES

	December 31, 2022	December 31, 2021
Trade receivables	1,810,109	1,745,154
Less: Allowance for expected credit losses	(166,072)	(150,365)
	1,644,037	1,594,789
Due from related parties (Note 30)	14,356	11,846
	1,658,393	1,606,635

Following is the movement of allowance for expected credit losses:

	2022	2021
Balance at beginning of year	150,365	140,092
Acquisition through Business Combination	--	2,361
Transfer to assets classified as held for sale	(7,294)	--
Impairment loss for the year, net	38,790	16,714
Reversals	(5,992)	(1,492)
Currency translation	(9,797)	(7,310)
Balance at end of year	166,072	150,365

13. PREPAYMENTS AND OTHER RECEIVABLES

	Note	December 31, 2022	December 31, 2021
Advances to vendors		452,344	357,328
Receivable from government authorities	13.1	394,602	325,790
Prepaid expenses		244,468	230,977
Positive fair value of derivatives	13.3	73,222	116,905
Employee loans and advances		65,911	43,061
Non-trade receivable	13.2	43,909	43,909
Unclaimed dividends		36,761	36,867
Due from related parties	30	31,732	27,947
Prepaid rent		19,821	29,603
Change in fair value of hedged item		6,945	8,548
Refundable deposits		5,709	5,954
Others		117,188	104,229
		1,492,612	1,331,118

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

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

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13.3 Derivatives:

	December 31, 2022	December 31, 2021
Derivatives – current assets		
Future exchange commodity contracts	73,222	116,905
Derivatives		
Call option (Note 'a')	25	2,493
Derivatives – current liabilities		
Future exchange commodity contracts	116,701	32,235
Derivatives		
Put option (Note 'b')	186,274	164,220

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

(a) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at a fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

(b) Futures

Futures are contractual agreements to either buy or sell a specified commodity or financial instrument at a specified price and date in the future. Futures are transacted in standardized amounts on regulated exchanges.

SFC entered into call and put option agreement with European Bank for Reconstruction and Development ("EBRD") during March 2016, in relation to transaction for disposal of stake in USCE. As per the agreement, the option can be exercised as follows:

The agreement contains Put and Call options option, which entitles EBRD to sell USCE shares to the former shareholders at the agreed price during the period stipulated in the agreement. As per the agreement, the option can be exercised as follows:

- Call option: SFC has the right to deliver a call notice to EBRD to purchase all the shares held by EBRD in USCE from the fourth anniversary of the subscription date and ending 6.5 years after the subscription date; and
- Put option: EBRD has the right to deliver a put notice to SFC to sell all the shares held by EBRD in USCE commencing on 1 July and ending on the seventh anniversary of the subscription date.
- On February 22, 2023, the Company has signed an addendum with EBRD where the right to exercise call option has ended.

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the valuation of derivative financial instruments by the amounts shown below:

	2022			
	Fair Value 5%		Risk free rate 20 bps	
	Increase	Decrease	Increase	Decrease
Call Option	23	(13)	--	--
Put Option	(7,651)	7,733	(648)	649

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13.4 Derivatives held for other purposes

Derivatives used for other purposes is for positioning, arbitrage and short-term profit making purposes.

13.5 Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (see note 39 - credit risk, market risk and liquidity risk). Part of the risk management process involves managing the Group's exposure to fluctuations in inventory prices and interest rates to reduce its exposure to inventory and interest rate risks to acceptable levels as determined by the Board of Directors.

The Board of Directors have established levels of inventory risk by setting limits on counterparty and commodity derivative exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. The Board of Directors established the level of interest rate risk by setting limits on interest rate gaps for stipulated periods.

The Group uses commodity futures to hedge against inventory price risk on raw sugar, the fair value risk on the firm commitments for sale of refined sugar and the forecast transactions. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument, are documented and the transactions are accounted for as fair value hedge.

December 31, 2022	Positive fair value	Negative fair value	Notional amount by term to maturity				
			Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held as fair value hedge							
Commodity futures	41,099	23,003	565,475	453,009	112,376	--	--
Held as cash flow hedge							
Commodity futures	32,123	40,239	1,174,515	580,666	594,450	--	--
Held as others							
Commodity futures	--	(53,459)	454,411	--	454,411	--	--
Call options	25	--	25	--	25	--	--
Put Option	--	186,274	186,274	--	186,274	--	--

December 31, 2021	Positive fair value	Negative fair value	Notional amount by term to maturity				
			Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held as fair value hedge							
Commodity futures	39,391	11,638	731,980	469,448	177,204	85,328	--
Held as cash flow hedge							
Commodity futures	16,908	14,840	685,187	312,960	307,461	64,766	--
Held as others							
Commodity futures	60,607	5,761	1,009,486	1,009,486	--	--	--
Call options	2,493	--	2,493	--	--	2,493	--
Put Option	--	164,220	164,220	--	--	164,220	--

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

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

Movements in the other reserve of cash flow hedges:

	2022	2021
Balance at beginning of year	(2,493)	4,019
Gain on changes in fair value recognized directly in equity, net	(3,174)	(6,512)
Balance at end of year	(5,667)	(2,493)

14. CASH AND BANK BALANCES

	December 31, 2022	December 31, 2021
Cash in hand	24,441	32,530
Cash at bank- current account	766,342	748,208
Term deposits (Note 14.1)	644,769	594,052
Cash and bank balances	1,435,552	1,374,790
Deposits with original maturity of more than three months	(623,074)	(587,354)
Bank overdrafts	(211,719)	(268,606)
Cash and cash equivalents for cash flow purposes	600,759	518,830

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

15. SHARE CAPITAL AND DIVIDEND DECLARATION

At December 31, 2022 and December 31, 2021, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

On May 16, 2022, the Company's shareholders in their Extraordinary General Assembly Meeting approved dividends amounting to SR 106.80 million representing Saudi Riyal 0.20 per share for the year ended 31 December 2021.

Subsequent to year end, the Company's Board of Directors have recommended final dividend amounting to SR 352.4 million representing Saudi Riyal 0.66 per share for the approval by the shareholders.

16. STATUTORY RESERVE

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

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

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17. OTHER RESERVES

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

	Note	December 31, 2022	December 31, 2021
Balance at beginning of year		(104,866)	(94,585)
Share in changes in other reserve of associates		(172,973)	(60,478)
Fair value adjustment from FVOCI investments	10	(142,841)	50,720
Fair value adjustment from derivative financial instruments relating to cash flow hedge	13	(3,174)	(6,512)
Charge for equity-settled employees' share based payment plan		10,219	5,989
Transfer of fair value reserve of investments designated at FVOCI	10.5	(39,096)	--
Balance at end of year		(452,731)	(104,866)

18. SHARE BASED PAYMENT

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

Significant features of the Plan are as follows:

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

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

The total expense recognised for employees' services received during the year ended December 31, 2022 under the Plan amounted to SR 10.3 million (December 31, 2021: SR 6.0 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the consolidated statement of changes in equity under the 'Other reserves'.

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

During the year ended December 31, 2022, the Group purchased 637,955 (December 31, 2021: 349,076) treasury shares amounting to SR 21.4 million (December 31, 2021: SR 13.9 million) in connection with the Plan. This includes shares funded by certain subsidiaries that are held by the Company in fiduciary capacity until vesting.

As at December 31, 2022, the number of shares to be vested are 1,166,407 (December 31, 2021: 634,086), after forfeiture of 205,705 shares (December 31, 2021: 111,236 shares) due to the non-completion of service condition of certain employees.

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19. NON-CONTROLLING INTERESTS

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

December 31, 2022	SFC	Panda	Herfy	Matoun	GFC
Non-current assets	3,709,695	4,905,408	1,597,110	282,284	504,076
Current assets	6,806,802	1,716,273	397,390	16,263	471,153
Non-current liabilities	1,670,856	2,806,901	651,252	81,075	611,465
Current liabilities	6,421,987	3,582,985	286,695	43,513	115,229
Net assets (100%)	2,423,654	231,795	1,056,553	173,959	248,535
Carrying amount of NCI	321,418	--	--	--	194,121
Revenue	16,440,803	10,114,010	1,243,838	27,335	670,009
Profit	499,732	(158,171)	(1,064)	(439)	23,168
Other Comprehensive Income ("OCI")	(191,089)	--	9,408	--	(2,991)
Total comprehensive income (100%)	308,643	(158,171)	8,344	(439)	20,177
Profit allocated to NCI	94,838	--	--	--	30,285
OCI allocated to NCI	81,106	--	--	--	(1,466)
Cash flow from operating activities	446,347	620,370	250,790	13,985	(55,476)
Cash flow from investing activities	(293,145)	(419,633)	(129,815)	--	(12,428)
Cash flow from financing activities	228,487	(185,724)	(131,164)	(13,985)	(28,222)

December 31, 2021	SFC	Panda	Herfy	Matoun	GFC
Non-current assets	3,909,791	4,851,343	1,529,382	292,345	515,507
Current assets	5,617,848	1,516,415	316,014	4,640	462,401
Non-current liabilities	1,813,003	3,058,955	574,771	80,367	615,184
Current liabilities	5,315,065	2,959,969	222,417	42,221	105,785
Net assets (100%)	2,399,571	348,834	1,048,208	174,397	256,939
Carrying amount of NCI	274,874	--	--	--	194,167
Revenue	12,630,122	10,476,124	1,313,856	27,545	642,944
Profit	375,441	(586,667)	160,837	(45)	72,095
Other Comprehensive Income ("OCI")	81,282	(12,208)	(7,343)	--	(3,474)
Total comprehensive income (100%)	456,723	(598,875)	153,494	(45)	68,621
Profit allocated to NCI	59,889	--	--	--	39,519
OCI allocated to NCI	20,616	--	--	--	(1,702)
Cash flow from operating activities	(10,533)	683,033	284,729	38,926	172,520
Cash flow from investing activities	(1,125,841)	(217,204)	(75,388)	--	(13,955)
Cash flow from financing activities	1,168,377	(477,187)	(297,786)	(38,926)	(117,894)

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20. LOANS AND BORROWINGS

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

	December 31, 2022	December 31, 2021
Non-current liabilities		
Secured bank loans	14,845	69,986
Unsecured bond issues (Sukuk) (Note 20.2)	1,000,000	1,000,000
Unsecured bank loans	3,067,368	4,066,654
	4,082,213	5,136,640
Current liabilities		
Current portion of secured bank loans	29,691	54,311
Current portion of unsecured bank loans	415,886	477,595
Secured bank loans	141,873	157,636
Unsecured bank loans	3,263,214	2,366,365
Bank overdrafts	211,719	268,606
	4,062,383	3,324,513
	8,144,596	8,461,153

Geographical analysis of loans and borrowings is as follows:

Location	Long term loans		Short term Loan		Total loans and borrowings	
	2022	2021	2022	2021	2022	2021
Saudi Arabia	4,407,113	5,516,528	2,108,001	1,315,000	6,515,114	6,831,528
Egypt	120,677	152,018	286,053	531,027	406,730	683,045
Algeria	--	--	253,807	263,709	253,807	263,709
Turkey	--	--	245,230	235,864	245,230	235,864
Iran	--	--	492,501	202,611	492,501	202,611
Morocco	--	--	--	119,710	--	119,710
UAE	--	--	115,085	71,065	115,085	71,065
Sudan	--	--	116,129	53,621	116,129	53,621
	4,527,790	5,668,546	3,616,806	2,792,607	8,144,596	8,461,153

20.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Moroccan Dirham, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at December 31, 2022, loans and borrowings include sharia-compliant financing facilities amounting to SR 7.2 billion (December 31, 2021: SR 7.1 billion).

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

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20.3 Property, plant and equipment amounting to SR 147.5 million (December 31, 2021: SR 133 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

20.4 Inventories amounting to SR 74.3 million (December 31, 2021: SR 93 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

21. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the current year, the Group decided to divest its interest in Savola Morocco Company and United Edible Oils Holding Limited which are presented as 'held for sale'.

	Note	Assets held for sale	Liabilities held for sale
Savola Morocco Company	21.1	186,910	162,635
United Edible Oils Holding Limited	9.6	--	3,074
		186,910	165,709

21.1 The Group signed a Share Purchase Agreement (SPA) dated November 10, 2022 to sell the Company's interest in Savola Morocco Company. Subsequent to the year end, the shares of Savola Morocco were transferred to the buyer on 24 February 2023, however, the consideration there against is yet to be received. Details of assets and liabilities held for sale as at December 31, are as follows:

	2022
Assets classified as held for sale	
Property plant and equipment	34,743
Right-of-use assets	1,616
Deferred tax assets	441
Inventories	40,779
Trade receivables	53,202
Prepayments and other receivables	56,129
	186,910
Liabilities classified as held for sale	
Loans and borrowings	113,965
Lease liabilities	1,669
Trade payables	23,086
Accrued and other liabilities	23,915
	162,635

The net loss relating to these business disposal groups amounted to SR 12.3 million for the year ended December 31, 2022.

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22. LEASE LIABILITIES

	2022	2021
Balance at beginning of year	3,856,998	4,366,013
Acquisition through Business Combination	--	31,941
Transfer to liabilities classified as held for sale (Note 21)	(1,669)	--
Addition during the year	349,218	184,875
Lease terminated / modified during the year	(43,742)	(296,671)
Interest expense for the year (Note 38)	253,881	222,946
Payments during the year	(677,348)	(648,909)
Currency translation	(14,618)	(3,197)
Balance at end of year	3,722,720	3,856,998

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

	December 31, 2022	December 31, 2021
Lease liabilities – non-current portion	3,156,281	3,288,518
Lease liabilities – current portion	566,439	568,480
	3,722,720	3,856,998

22.2 During the year 2022, one of the Group's subsidiaries ("Herfy" or "the Subsidiary") reassessed the accounting treatment for certain leases and other transactions / balances recorded in the Subsidiary's financial statements in the prior periods. The impact of these adjustments as at December 31, 2021 on right of use assets is SR 109 million (January 1, 2021: SR 125 million), lease liabilities is SR 102 million (January 1, 2021: SR 111 million) along with certain other adjustments. The Group's management believes that the impact of such adjustments is not material to the consolidated financial statements of the Group and accordingly have been corrected in the current year.

23. EMPLOYEE BENEFITS

General Description of the plan

The Group operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labour law and in accordance with the local statutory requirements of the foreign subsidiaries.

The amount recognized in the consolidated statement of financial position is determined as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	844,487	857,358

An independent actuarial exercise has been conducted as at December 31, 2022 and December 31, 2021 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Labour Laws of respective jurisdictions by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

Movement in net defined benefit liability

Net defined benefit liability comprises only of defined benefit plans.

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The movement in the defined benefit obligation during the year is as follows:

	2022	2021
Balance at beginning of year	857,358	803,870
Acquisition through Business Combination	--	10,488
Included in profit or loss		
Current service cost	101,538	96,268
Interest cost	26,814	19,298
	128,352	115,566
Included in other comprehensive income		
Re-measurement (gain):		
Actuarial (gain) / loss arising from:		
Financial assumptions	(63,662)	11,913
Experience adjustment	24,050	12,955
Actuarial (gain) / loss	(39,612)	24,868
Effect of movement in exchange rates	(8,376)	(2,468)
Benefits paid	(93,235)	(94,966)
Balance at end of year	844,487	857,358

Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	4.40% - 18%	1.78% - 14.5%
Future salary growth / Expected rate of salary increase	2.40% - 22%	2% - 12.5%
Mortality rate	0.10% - 0.20%	0.10% - 0.20%
Employee turnover / withdrawal rates	2.86% - 19%	3% - 11.49%
Retirement age	60 years	60 years

The weighted average duration of the defined benefit obligation ranges between 7 to 21 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2022		December 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(70,460)	82,091	(72,122)	70,761
Future salary growth (1% movement)	83,728	(67,303)	72,102	(73,479)
Withdrawal rates (10% movement)	(6,933)	7,529	(10,806)	10,430
Future mortality (1 year movement)	327	(492)	448	(445)

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

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24. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment	--	--	(61,915)	(98,241)	(61,915)	(98,241)
Provisions	11,069	9,945	(26,796)	(22,057)	(15,727)	(12,112)
Other items	5,262	2,988	(22,442)	(24,051)	(17,180)	(21,063)
Tax losses carry-forward	17,123	15,870	--	--	17,123	15,870
Net tax asset / (liabilities)	33,454	28,803	(111,153)	(144,349)	(77,699)	(115,546)

The movement in deferred tax liability-net, recognised in profit and loss and Other Comprehensive Income – Foreign Currency Translation differences (“OCI – CTR”), is as follows:

	January 1, 2022	Recognised in profit of loss	Recognised in OCI – CTR	Other Adjustments	December 31, 2022
Property, plant and equipment	(98,241)	7,336	28,990	--	(61,915)
Provisions	(12,112)	(1,456)	(1,718)	(441)	(15,727)
Other items	(21,063)	4,669	(786)	--	(17,180)
Tax carry-forwards	15,870	5,418	(4,165)	--	17,123
	(115,546)	15,967	22,321	(441)	(77,699)

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

25. TRADE PAYABLES

	Note	December 31, 2022	December 31, 2021
Third parties		3,694,066	2,715,124
Related parties	30	199,039	192,730
		3,893,105	2,907,854

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26. ACCRUED AND OTHER LIABILITIES

	Note	December 31, 2022	December 31, 2021
Accrued expenses		803,484	835,199
Marketing related accruals		439,903	403,891
Employee related accrual		341,590	332,797
Accrued zakat and tax	27	219,911	226,873
Negative fair value of derivatives	13.3	116,701	32,235
Accrued utilities, freight and other charges		118,922	126,836
Payable to government authorities	26.1	78,577	104,770
Payable to contractors		89,657	132,124
Provision against financial guarantee	26.2	18,650	18,650
Due to related parties	30	63,031	222
Accrued financial charges		86,465	31,249
Accrued rent	26.3	38,403	84,699
Advances from customers		77,877	61,693
Change in fair value of hedged item (firm commitments)		38,900	34,451
Unclaimed dividend	26.4	2,612	5,141
Other liabilities		235,869	226,443
		2,770,552	2,657,273

26.1 Payable to government authorities represents estimated payments to be made to government authorities related to custom duties, value added tax, subsidies and price adjustments on edible oil purchases.

26.2 Savola Group Company issued a corporate guarantee in favour of Saudi Industrial Development Fund (“SIDF”) along with certain other entities (together referred to as the “SIDF Guarantors”) for the loan facility availed by Eastern Industrial Company (“EICO”, “Joussour Holding Company’s subsidiary” or Group’s affiliate). In 2018, the Company has received a notice from SIDF to settle its share of the guarantee due to default in repayment by EICO of SIDF loan, triggered from the adverse financial performance.

Accordingly, the Company recorded a provision amounting to SR 100.7 million during the year ended December 31, 2018. During the year, no payment was made (2021: SR 57.5 million) against the guarantee.

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

26.4 Unclaimed dividends represent dividend declared by the Company in prior years and share fractions, which resulted from split of shares in prior years. Such amounts have not yet been claimed by the respective shareholders. In the opinion of management, the unclaimed dividend represents the amount which can be claimed during the next year. However, the amount which have not been claimed for over three years are unlikely to be paid during the next year and accordingly, classified under long term payables.

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27. ZAKAT AND INCOME TAXES

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

	December 31, 2022	December 31, 2021
Foreign income-tax charge	135,969	66,023
Zakat	48,474	43,701
	184,443	109,724
Deferred foreign income-tax (reversal) / charge (Note 24)	(15,967)	19,014
	168,476	128,738

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

	2022	2021
Balance at beginning of year	226,873	199,210
Charge for the year	184,443	109,724
Transfer to liabilities held for sale	(13,952)	--
Currency translation / other adjustments	(99,049)	(3,404)
Payments during the year	(78,404)	(78,657)
Balance at end of year	219,911	226,873

(a) Zakat status

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

Certain subsidiaries in the foods processing sector have also received final or provisional zakat certificates until the year 2021. Accordingly, payment plans have been pursued as per the agreement with ZATCA and liabilities have been adjusted against the final settlement amounts. Moreover, the ZATCA issued an additional claim amounting to SR 51.8 million for another subsidiary for the years 2015 to 2018. The subsidiary has escalated an objection against the said claim to the level of General Secretariat of Tax Committees and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these consolidated financial statements.

Also, the Group has pending appeals against additional claims and assessments of certain subsidiaries with total Zakat differences of SR 31.0 million (December 31, 2021: approximately SR 35.9 million).

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(b) Income tax status

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Some of the foreign subsidiaries are currently tax exempt. Tax paying foreign subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advance tax determined on prior year tax liability bases.

Certain foreign subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.

28. CONTINGENCIES AND COMMITMENTS

	December 31, 2022	December 31, 2021
	Amounts in millions of Saudi Riyals	
Letters of credits	65	58
Bank guarantees	131	126
Commitments to buy raw sugar	175	405
Commitments to sell refined sugar	741	824
Capital commitments	38	51
	Quantity in Metric tonnes	
Commitments to buy raw sugar	96,550	234,500
Commitments to sell raw sugar	315,652	381,026

28.1 Also see note 20 with respect to guarantees given for certain loans and note 27 with respect to Zakat contingencies.

28.2 The Group has various operating leases for its offices, warehouses, retail outlets and production facilities. Future rental commitments under these operating leases amounting to SR 40.7 million (December 31, 2021: SR 50.3 million) are payable within one year.

28.3 During the year, certain overseas subsidiaries in food processing segment received preliminary aggregate claims from local regulatory authorities and commercial banks amounting to SR 410 million, that were subsequently reduced to SR 330 million, to affect a new pricing mechanism for edible oil products by replacing subsidized rate mechanism. In this connection, such subsidiaries, while contesting the claims, have made payments of SR 182 million and accrued a provision amounting to SR 30 million, based on the management's best estimate.

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29. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2022 and December 31, 2021 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding 532.724 million (December 31, 2021: 533.531 million) during such periods.

Diluted earnings per share for the year ended December 31, 2022 and December 31, 2021, have been computed by dividing the profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares i.e. 533.981 million (December 31, 2021: 533.981 million).

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

	December 31, 2022	December 31, 2021
Issued ordinary shares	533,980,700	533,980,700
Effect of treasury shares (Note 18)	(1,257,045)	(449,745)
Weighted average number of ordinary shares outstanding	532,723,655	533,530,955

30. RELATED PARTIES

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

Transactions with key management personnel

Key management personnel compensation

Compensation to the Group's key management personnel includes salaries, non-cash benefits, and post-employment benefits, in relation to which, the Group has recognized an expense of SR 32.9 million for the year ended December 31, 2022 (December 31, 2021: SR 29.4 million).

Board of Directors' remuneration for the year ended December 31, 2022 amounting to SR 2.2 million (December 31, 2021: SR 2.2 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit and loss. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 3.1 million (December 31, 2021: SR 3.3 million) are charged to expenses and included under administrative expenses.

Other related party transactions

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

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

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

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2022	2021	December 31, 2022	December 31, 2021
Due from related parties – Trade receivables						
Almarai	Associate	Trade	66,463	47,762	7,770	3,773
Western Bakeries Company Limited	Affiliate	Trade	73,585	59,830	6,586	8,073
USCE	Associate	Trade	--	4,607	--	--
					14,356	11,846
Due from related parties – Prepayments and other receivables						
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company (KASCO)	Affiliate	Non-trade	15,289	1,530	28,053	20,060
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Non-trade	6,390	6,985	2,249	2,760
Waste Collection & Recycling Company	Affiliate	Non-trade	9,370	5,683	1,070	4,249
Zohoor Alreef	Affiliate	Non-trade	106	184	360	493
USCE	Associate	Non-trade	--	154,577	--	385
					31,732	27,947

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2022	2021	December 31, 2022	December 31, 2021
Due to related parties – Trade payables						
Almarai	Associate	Trade	716,998	733,678	116,378	115,536
Nestle Group	Affiliate	Trade	243,135	343,704	33,519	44,398
Mayar Food Company	Affiliate	Trade	122,388	114,042	45,272	27,394
Del Monte Saudi Arabia Limited	Affiliate	Trade	66,018	95,549	2,668	3,242
Al Manhal Water Factory Company Limited	Affiliate	Trade	6,146	6,860	1,153	614
Al Jazirah Dates & Food Factory	Affiliate	Trade	3	--	49	52
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	12,190	14,921	--	1,494
					199,039	192,730
Due to related parties – Accrued and other liabilities						
USCE	Associate	Non-trade	63,416	--	63,031	--
Kinan	Associate	Non-trade	29,017	28,947	--	222
Del Monte Saudi Arabia	Affiliate	Non-trade	--	683	--	--
Arabian Centers Company	Affiliate	Non-trade	27,979	34,949	--	--
Dur Hospitality Company	Affiliate	Non-trade	18,000	10,500	--	--
Abdul Kader Al Muhaidib & Sons Co.	Shareholder	Non-trade	--	266	--	--
					63,031	222

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31. OPERATING SEGMENTS

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

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

Retail - includes hyper markets and super market operations;

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

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

Investments - includes real estate activities, investments in associates, FVTPL, FVOCI and other investments.

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

Performance is measured based on segment profit net of income tax and zakat, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding the results of each reportable segment is included below:

December 31, 2022	Reportable Segments						Total
	Food Processing	Retail	Food Services	Frozen Food	Investments	Others / Eliminations	
External revenues	16,105,768	10,109,087	1,213,400	626,448	--	--	28,054,703
Inter segment revenue	335,035	4,923	30,438	43,561	27,335	(441,292)	--
Segment Revenue	16,440,803	10,114,010	1,243,838	670,009	27,335	(441,292)	28,054,703
Cost of revenues	(14,454,991)	(7,772,921)	(903,425)	(460,919)	--	411,634	(23,180,622)
Share of results of equity-accounted investees, net of zakat and tax	(21,242)	--	--	--	681,823	--	660,581
Impairment loss, net (Note 9 & 37)	(14,880)	99,617	(17,545)	--	(2,037)	--	65,155
Segment net profit before non-controlling interests	499,732	(158,171)	(1,064)	53,453	470,935	--	864,885
Segment net profit / (loss)	404,894	(158,171)	(1,064)	53,453	470,935	(27,295)	742,752
Segment assets	10,516,497	6,621,681	1,994,500	975,229	13,266,875	(3,810,134)	29,564,648
Segment liabilities	8,092,843	6,389,886	937,947	726,694	4,804,881	(704,296)	20,247,955

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December 31, 2021	Reportable Segments						Total
	Food Processing	Retail	Food Services	Frozen Food	Investments	Others / Eliminations	
External revenues	12,318,246	10,474,039	1,282,217	594,661	--	--	24,669,163
Inter segment revenue	311,876	2,085	31,639	48,283	27,545	(421,428)	--
Segment Revenue	12,630,122	10,476,124	1,313,856	642,944	27,545	(421,428)	24,669,163
Cost of revenues	(11,102,140)	(8,136,660)	(928,365)	(414,207)	--	390,923	(20,190,449)
Share of results of equity-accounted investees, net of zakat and tax	(32,339)	--	--	--	589,405	--	557,066
Impairment reversal / (loss), net (Note 9 & 37)	(43,583)	(363,038)	--	--	(15,245)	--	(421,866)
Segment net profit before non-controlling interests	375,441	(586,667)	160,837	72,095	374,408	--	396,114
Segment net profit / (loss)	315,555	(586,667)	160,837	72,095	374,408	(114,349)	221,879
Segment assets	9,527,639	6,367,758	1,845,396	977,908	13,880,373	(4,053,155)	28,545,919
Segment liabilities	7,128,068	6,018,924	797,188	720,969	5,524,373	(735,416)	19,454,106

32. REVENUE

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

2022	Reportable Segments						Total
	Food Processing	Retail	Food Services	Frozen Food	Investments	Others / Eliminations	
Products transferred at a point in time	16,440,803	10,072,714	1,222,024	670,009	--	(413,957)	27,991,593
Products and services transferred over time	--	41,296	21,814	--	27,335	(27,335)	63,110
Total revenue	16,440,803	10,114,010	1,243,838	670,009	27,335	(441,292)	28,054,703

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

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33. COST OF REVENUES

	2022	2021
Inventories consumed / sold*	21,124,828	18,196,114
Salaries and employee related expenses	803,837	699,199
Overheads	574,741	648,298
Depreciation and amortisation	420,279	398,449
Freight & handling	256,937	248,389
	23,180,622	20,190,449

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

34. SELLING AND DISTRIBUTION EXPENSES

	2022	2021
Salaries and employee related expenses	1,411,896	1,359,499
Depreciation and amortisation	557,182	589,981
Utilities	234,591	238,097
Advertisement	317,922	234,837
Maintenance	100,956	93,043
Rent	103,112	39,530
Commission	113,604	116,571
Impairment loss on trade receivables (Note 12)	38,790	16,714
Insurance	28,906	22,417
Communication	9,886	11,048
Others	5,894	4,623
	2,922,739	2,726,360

35. ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries and employee related expenses		548,508	522,871
Professional fees		94,092	94,016
Depreciation and amortisation		85,872	77,515
IT related cost		77,853	33,260
Training, subscriptions and conferences		34,752	20,938
Insurance		18,971	17,691
Repairs and maintenance		11,035	9,955
Traveling		9,114	5,779
Utilities, telephone and communication cost		4,220	18,639
Rent		2,714	3,935
Others	35.1	88,361	66,660
		975,492	871,259

35.1 It includes software written off amounting to SR 23.9 million.

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36. HYPERINFLATIONARY ACCOUNTING

The Group closely monitors the economic conditions for its foreign operations including qualitative consideration prescribed in IAS 29 – Financial Reporting in Hyperinflationary Economies. The Group uses available official statistics or other reliable information sources to estimate the impact of hyperinflation.

During the year, the Turkish economy was identified to be hyperinflationary based on the criteria established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This was determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years and accordingly the reported amounts of the local operations have been adjusted in accordance with IAS 29.

Accordingly, during the year ended December 31, 2022 the Group's foreign operations in Iran, Sudan and Turkey were subject to hyperinflation and reported amounts of the local operations have been adjusted in accordance with IAS 29. The official statistics published for Iran, Sudan and Turkey have been used to estimate the hyperinflation accounting impact recorded during the year ended December 31, 2022.

The main effects on the Group's consolidated financial statements due to hyperinflationary accounting (which includes both indexing up and using of closing exchange rate) for the year ended December 31, 2022 are as follows:

	Iran	Sudan	Turkey	Total
Year ended December 31, 2022				
Revenue increased by	123,693	230,542	69,400	423,635
Profit for the year decreased by	(47,747)	(11,626)	(7,138)	(66,511)
Total non-current assets increased by	69,339	15,046	28,377	112,762
Currency translation reserve increased / (decreased) by	130,567	(174)	40,656	171,049
Year ended December 31, 2021				
Revenue increased by	97,583	549,989	--	647,572
Profit for the year decreased by	(7,085)	(8,654)	--	(15,739)
Total non-current assets increased / (decreased) by	(2,848)	46,350	--	43,502
Currency translation reserve increased by	28,796	75,829	--	104,625

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

	December 31, 2022	December 31, 2021
Conversion factor for Iran	1.4615	1.3514
Conversion factor for Sudan	2.0703	4.5050
Conversion factor for Turkey	1.6427	--

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37. IMPAIRMENT REVERSAL / LOSS

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

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is established based on the estimated future cash flows on the basis of budget after excluding impact of future renovation, using growth rates, terminal value percentages and discounting to their present value using pre-tax discount rates as mentioned in note 37(a) and 37(c).

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

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

During the year, the Group has recognised an impairment loss of SR 17.6 million (2021: Nil) against the leasehold improvements in stores within the property, plant and equipment due to the expected closure in 2023.

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

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

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

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

These cash flows were discounted using a pre-zakat discount rate which was estimated using industry average weighted-average cost of capital and cost of debt, with a target debt to equity ratio of 81.2% (31 December 2021: 79.9%) at a post Zakat cost of debt of 6.6% (31 December 2021: 3.7%).

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

During the year, the Group has recognised an impairment reversal of SR 37.8 million (2021: loss of SR 127.4 million) against right-of-use assets, impairment reversal of SR 36.7 million (2021: loss of SR 173.8 million) against items of property, plant and equipment and impairment reversal of SR 1.5 million (2021: loss of SR 12.6 million) against intangible assets, due to favorable changes in economic environment affecting footfall and basket size in retail segment.

The recoverable amount is based on "value-in-use" method and was determined at the level of cash generating unit ("CGU") as identified by management and consists of the net operating assets of each store. In determining value in use for the CGUs, the cash flows (determined using approved five-year business plan and budget) were discounted at a rate of 12.6% to 13.7% (December 31, 2021 10.3% to 11.4%) on a post-Zakat basis and were projected up to the year 2027.

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

	2022	2021
Budgeted gross margin	24.5% to 26.2%	23.8% to 25.8%
Revenue growth rate	3.0% to 3.9%	2.8% to 2.9%
Operating expenses as percentage of sale	17.7% to 18.2%	18.3% to 18.6%
Budgeted EBITDA margins	6.8% to 8.0%	5.5% to 7.2%
Discount rate	12.6% to 13.7%	10.3% to 11.4%
Terminal growth value	2.0%	2.0%

Management has identified that a reasonably possible change in the following key assumptions applied individually could cause the carrying amount to exceed the recoverable amount:

	Assumption required for carrying amount to equal recoverable amount	
	2022	2021
Revenue growth	(4.1%)	(7.2%)
EBITDA margin	4.7%	3.6%
Discount rate	28.2%	27.8%

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

The Group recognized an impairment reversal of SR 36.3 million (2021: loss of SR 36 million) on freehold land, due to favorable changes in market dynamics.

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

c) Impairment loss on goodwill:

An impairment loss of SR 12.7 million (December 31, 2021: 13.2 million) was recognized during the year ended December 31, 2022, on the goodwill of Atabet Al Bab Communications and Information Technology LLC.

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

	2022	2021
Budgeted gross margin	19.1% to 21.3%	18.8% to 20.8%
Weighted average revenue growth rate	8.1%	30.6%
Operating expenses as percentage of sales	25.0% to 29.9%	17.6% to 36.4%
Budgeted EBITDA margins	-8.6% to -5.9%	-17.6% to 3.2%
Discount rate	12.0%	12.0%
Terminal growth value	2.0%	2.0%

The calculation of value in use is most sensitive to the assumptions on revenue growth rate and operating expenses as percentage of revenue and long-term growth rate used to extrapolate cash flows beyond the budget period of 5 years.

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38. NET FINANCE COST

	2022	2021
Commission income on bank deposits	72,774	56,934
Gain on re-measurement of other commodity futures	2,377	10,523
Positive fair value of options	--	26,524
Finance income	75,151	93,981
Financial charges on borrowings	419,211	291,187
Interest expense on lease liabilities	253,881	222,946
Bank commission	63,275	60,286
Foreign exchange loss, net	616	5,336
Negative fair value of options	24,521	--
Loss on re-measurement of other commodity futures	18,117	--
Unwinding of discount on site restoration	5,626	5,669
Finance cost	785,247	585,424
Net finance cost recognized in profit or loss	710,096	491,443

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

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

Risk management framework

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

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

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

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

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, trade and other receivables, investments measured at fair value, loans and borrowings, lease liabilities, derivatives, trade payables and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

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Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows.

The Group's interest rate risks arise mainly from its borrowings and short-term deposits, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	December 31, 2022	December 31, 2021
Fixed rate instruments		
Financial assets	449,896	548,950
Financial liabilities	1,913,643	1,740,804
Variable rate instruments		
Financial assets	194,872	45,102
Financial liabilities	6,230,953	6,720,349

The fair value of fixed rate financial liabilities amounted to SR 1,888 million (2021: SR 1,707 million).

Sensitivity analysis for fixed rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 14.6 million (2021: SR 11.9 million).

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 63.0 million (2021: SR 67.7 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Iranian Riyals, Egyptian Pounds, United Arab Emirates Dirhams, Sudanese Pounds and Turkish Lira. The Group operates internationally and is exposed to foreign exchange risk. The Group's investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between foreign currencies against Iranian Riyals, Egyptian Pounds, Sudanese Pounds and Turkish Lira. Such fluctuations are recorded as a separate component of equity "Foreign Currency Translation Reserve" in the accompanying consolidated financial statements. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. In addition, interest on borrowings is denominated in the currency of the borrowings. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

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

	December 31, 2022					
	US Dollars	Iranian Riyals	Egyptian Pounds	Sudanese Pounds	Turkish Lira	United Arab Emirates Dirhams
Trade receivables	16,107	21,085,687,596	497,747	3,662,978	524,493	41,221
Other receivables	11,970	2,000,392,977	443,754	81,099	--	3,052
Cash and bank balances	34,921	28,838,442,032	1,435,676	2,619,042	127,299	25,574
	62,998	51,924,522,605	2,377,177	6,363,119	651,792	69,847
Trade payables	78,084	32,586,265,160	1,116,459	1,009,052	74,400	29,753
Other payables	4,543	7,141,816,081	1,390,353	1,826,122	72,104	21,159
Loans and borrowings	70,962	37,862,644,042	1,304,029	17,844,624	1,222,660	12,652
	153,589	77,590,725,283	3,810,841	20,679,798	1,369,164	63,564
Net exposure	(90,591)	(25,666,202,678)	(1,433,664)	(14,316,679)	(717,372)	6,283

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

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended December 31,		As at December 31,	
	2022	2021	2022	2021
Foreign currency per Saudi Riyal				
US Dollars	0.27	0.27	0.27	0.27
Iranian Riyals	71,158	66,344	76,891	65,425
Egyptian Pounds	5.40	4.20	6.6	4.20
Sudanese Pounds	137.26	96.10	153.91	120.60
Turkish Lira	4.21	2.71	4.97	3.46
United Arab Emirates Dirhams	1.02	1.02	1.02	1.02

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The Group's investments in foreign subsidiaries are not hedged.

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase equity and profit before zakat and income tax for the year by SR 11.1 million (2021: SR 8.2 million).

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk since the Group holds investment in certain listed equities which are classified on the statement of financial position as FVOCI investments. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Such investments are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. In addition, United Sugar Company uses derivative financial instruments (Commodity future contracts) to hedge its price risk of raw material in the Sugar business.

Further, as disclosed in Note 13, the put and call option are periodically valued based on Black Scholes' model using certain assumptions including the sugar prices; the fluctuations of which affects the valuations.

Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in note 10 to these consolidated financial statements. As at December 31, 2022, the Company's overall exposure to price risk is limited to the fair value of those positions.

Sensitivity analysis

The net assets of the Group will increase / (decrease) by SR 0.6 million (2021: SR 3.9 million) if the prices of quoted equity vary due to increase / decrease in fair values by 1% with all other factors held constant.

Credit risk

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

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

	December 31, 2022	December 31, 2021
Financial assets		
Trade receivables	1,824,465	1,757,000
Other receivables	446,303	378,354
Derivatives	73,222	116,905
Investment at fair value through profit or loss	43,448	27,069
Bank balances	1,412,384	1,342,260
	3,799,822	3,621,588

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Trade receivables are carried net of allowance for Expected Credit Losses amounting to SR 166.1 million (December 31, 2021: SR 150.4 million).

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

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

	Gross carrying amount	
	2022	2021
Current (not past due)	1,340,538	1,401,093
1–30 days past due	200,797	149,722
31–60 days past due	52,108	32,407
61–90 days past due	64,918	27,633
More than 90 days past due	166,104	146,145
Total	1,824,465	1,757,000

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Other receivables

Impairment on other receivables has been measured on a life-time expected loss basis and reflects the short maturities of the exposures having low credit risk.

Cash and bank balances

Impairment on cash and bank balances has been measured on a life-time expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties.

Concentration Risk

The sector wise analysis of receivables is given below:

	December 31, 2022	December 31, 2021
Wholesale / Retail	1,153,119	990,735
Manufacturing	286,655	410,760
Exports	237,346	212,086
Others	147,345	143,419
	1,824,465	1,757,000
Less: Allowance for Expected Credit Losses	(166,072)	(150,365)
	1,658,393	1,606,635

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

	December 31, 2022	December 31, 2021
Saudi Arabia	1,121,202	1,058,877
Turkey	124,639	180,940
Egypt	130,866	183,708
Iran	140,974	35,120
UAE	242,924	159,686
Other Regions	63,860	138,669
	1,824,465	1,757,000
Less: Allowance for Expected Credit Losses	(166,072)	(150,365)
	1,658,393	1,606,635

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements. As at December 31, 2022, the Group has unused bank financing facilities amounting to SR 6.9 billion (December 31, 2021: SR 4.4 billion) to manage the short term and the long term liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

December 31, 2022	Carrying Amount	Contractual cash flows				
		Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	8,144,596	3,800,816	657,254	1,217,497	2,212,095	1,478,884
Lease liabilities	3,722,720	310,789	278,173	1,081,363	1,025,305	2,147,084
Trade payables	3,893,105	3,858,762	34,343	--	--	--
Accrued and other liabilities	2,308,434	2,308,434	--	--	--	--
Unclaimed dividends	261,068	261,068	--	--	--	--
	18,329,923	10,539,869	969,770	2,298,860	3,237,400	3,625,968
Derivative financial liabilities						
Derivative contracts used for hedging	63,238	42,833	20,405	4	--	--
Put Option	186,274	--	190,683	--	--	--
Other derivative contracts not for hedging	53,459	53,459	--	--	--	--
	302,971	96,292	211,088	4	--	--

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

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

Fair value of assets and liabilities

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

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

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

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

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

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

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

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

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

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

December 31, 2022	Carrying amount				Fair Value			Total
	Mandatorily at FVTPL -others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	
Financial assets measured at fair value								
Investment at fair value through profit or loss	43,448	--	--	--	1,109	--	42,339	43,448
Future exchange contracts used for hedging	--	--	73,222	--	--	73,222	--	73,222
Call option	--	25	--	--	--	--	25	25
Equity securities (Note 10)	--	--	--	104,428	--	104,428	--	104,428
	43,448	25	73,222	104,428	1,109	177,650	42,364	221,123
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	116,701	--	--	116,701	--	116,701
Other future exchange contracts	--	53,459	--	--	--	53,459	--	53,459
Put option	--	186,274	--	--	--	--	186,274	186,274
	--	239,733	116,701	--	--	170,160	186,274	356,434

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December 31, 2021	Carrying amount				Fair Value			
	Mandatorily at FVTPL -others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment at fair value through profit or loss	27,069	--	--	--	812	--	26,257	27,069
Future exchange contracts used for hedging	--	--	116,905	--	--	116,905	--	116,905
Call option	--	2,493	--	--	--	--	2,493	2,493
Equity securities (Note 10)	--	--	--	475,425	--	475,425	--	475,425
	27,069	2,493	116,905	475,425	812	592,330	28,750	621,892
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	26,474	--	--	26,474	--	26,474
Other future exchange contracts	--	5,761	--	--	--	5,761	--	5,761
Put option	--	164,220	--	--	--	--	164,220	164,220
	--	169,981	26,474	--	--	32,235	164,220	196,455

Valuation technique and significant unobservable inputs

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

Financial instruments measured at fair value

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

40. CAPITAL MANAGEMENT

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

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

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The leverage ratio is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	20,247,955	19,454,106
Less: Cash and bank balances	(1,435,552)	(1,374,790)
Adjusted net liabilities	18,812,403	18,079,316
Total equity	9,316,693	9,091,813
Less: Hedging reserve (Note 13)	5,667	2,493
Adjusted equity	9,322,360	9,094,306
Adjusted net liabilities to adjusted equity ratio	2.02	1.99

41. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPETATIONS

a) Standards, interpretations, and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2022 and that are available for early adoption in annual periods beginning on 1 January 2022.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

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

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

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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The standards, interpretations, and amendments with an effective date of 1 January 2022 will not have any material impact on the Group's consolidated financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the Group's financial statements on adoption.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on March 27, 2023, corresponding to Ramadan 5, 1444H.



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